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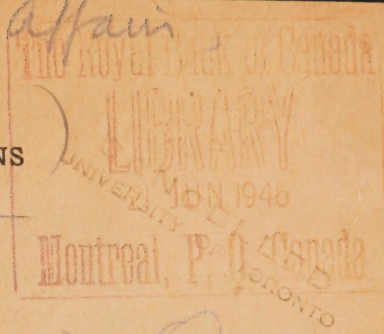
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Canada Veterans Affairs
in Spec. Cttee on, 1946

SESSION 1946

HOUSE OF COMMONS

778



(SPECIAL COMMITTEE)

(37)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

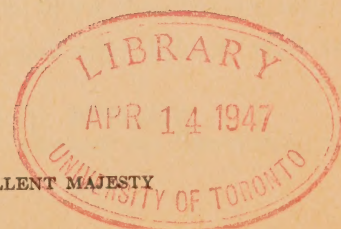
No. 31

THURSDAY, JUNE 13, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs;
Mr. G. J. Garneau, Chairman, War Veterans' Allowance Board;
Major-General C. B. Price, C.B., D.S.O., D.C.M., V.D., Dominion President, and Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.;
Captain C. T. Fyfe.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

THURSDAY, June 13, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Benidickson, Bentley, Blair, Cleaver, Croll, Dion (*Lake St. John-Roberval*), Drope, Emmer-son, Gauthier (*Portneuf*), Gillis, Green, Herridge, Jutras, Lennard, Marshall, McKay, Moore, Tremblay, Tucker, Viau.

In attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board; Major-General C. B. Price, C.B., D.S.O., D.C.M., V.D., Dominion President, and Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.; Captain C. T. Fyfe.

It was agreed that consideration of the Soldier Settlement Act and The Veterans Land Act, 1942, be commenced on Monday, June 17.

The Chairman tabled a survey on dual service veterans prepared by Major R. E. Stewart, District Army Examiner, Military District No. 13, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

The Chairman also tabled a submission received from the Army and Navy Veterans in Canada dated April 15, 1946, respecting war veterans allowance, and a letter dated March 15, 1946, on the same subject received from the Dominion President of the Canadian Legion of the B.E.S.L., which are printed as *Appendices "B" and "C"* of this day's minutes of proceedings and evidence.

The Chairman read a letter dated June 13, 1946, from the Director of Organization, Department of National Defence (Army), giving information as to the number of members of the Veterans Guard of Canada who have seen service in World War I and World War II.

The Committee resumed consideration of the draft of the proposed bill respecting allowances for war veterans and dependents.

Messrs. Woods, Garneau and Gunn were recalled and questioned.

Paragraphs (a) and (b) of clause four and paragraphs (a) and (b) of clause five were adopted without amendment.

Major-General Price was called, heard, questioned and retired.

Mr. Herwig was recalled, questioned and retired.

Mr. Woods filed a table setting forth the rates payable under the *Militia Pension Act*.

It was agreed that the Committee recommend that the survey to be made by the Department of Veterans Affairs regarding children of veterans who have died be enlarged to include the children of recipients of war veterans' allowance.

At 1.00 o'clock p.m., the Committee adjourned until Friday, June 14, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

JUNE 13, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock, a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, your steering committee met this morning. One of the suggestions which they make to the committee is that we should spend the rest of this week considering the War Veterans Allowance Act and that one should then, if we have not finished it by that time, switch over and complete our work on the Veterans' Land Act and the Soldier Settlement Act. If that meets with your approval—and I do not know that a motion is necessary—we will spend the rest of this week on the War Veterans' Allowance Act; then on Monday we will have Mr. Murchison here to make a further statement on the Veterans' Land Act and try to finish it up. Is that satisfactory?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: In regard to the dual service veterans, there was a submission made by Major Stewart, district army examiner, Military District No. 13. Part of that submission the steering committee thought would be most helpful to the committee. They recommended that it be printed in the record. Also there are short submissions by the Army and Navy Veterans and by the Canadian Legion. If you approve, those will be printed in the record. Is that agreed?

Some Hon. MEMBERS: Agreed.

(Submissions referred to—Appendix A, Appendix B and Appendix C.)

The CHAIRMAN: I have a letter here from the Department of National Defence, Army, dated 13th June, 1946, and addressed to myself as chairman, which reads as follows:—

DEAR SIR,—With reference to your request for information on the number of army personnel who have served in both World War I and World War II, the only information readily available concerns members of the Veterans Guard of Canada. The total number of all ranks, with service in both wars, who have served in that Corps since its inception, namely 24th May, 1940, to present date is 17,650.

Yours truly,

COLONEL MICHAEL S. DUNN,
Director of Organization.

Mr. CROLL: Did not the witness the other day say 34,000?

The CHAIRMAN: That was an estimate. He wanted the exact figures from the army. I am told that to get the exact figures from the army they would have to have their people examine the attestation papers and it would take at least two weeks of work of a large staff to get that information. They do not want to undertake that unless this committee absolutely requires it, because the work and expense would apparently be very great.

Mr. CROLL: It could not be many thousands more than the Veterans Guard. It could not be more than 5,000 more.

The CHAIRMAN: They would have to go through all the attestation papers.

Mr. WOODS: 5,000 is my opinion.

The CHAIRMAN: It might be, as you say, 5,000.

Mr. LENNARD: It would be quite a job.

The CHAIRMAN: Did the army have any estimate made?

Captain FYFE: No.

The CHAIRMAN: They have made no estimate.

I think we may as well proceed with running through the bill, passing what we can agree on, and then go back to the matters which the committee would like to debate. We had come to page 4 of the proposed draft bill, section 4, which applies to allowances payable to a veteran. Section 4 (a) defines veteran in respect to the Northwest Field Force for the purpose of this part.

Mr. BROOKS: With reference to (a), I notice in the definition of war it says war means "the Northwest Rebellion of the year one thousand eight hundred and eighty-five." Then some place else it says "anywhere in Canada" does it not—or "who served anywhere in Canada." And here in subsection (a) of section 4 it says "theatre of actual war in the Northwest Rebellion." They limit it here to those who were actually fighting in the field. There seems to be a contradiction there.

The CHAIRMAN: There is no contradiction, I do not think, Mr. Brooks, because one is a general definition and the other is a definition, as I understand it, in respect of this part.

Mr. BROOKS: Yes. Section 2(j) says "theatre of actual war means (i) in the case of the Northwest Rebellion, wherever the veteran served." So that would cover it.

The CHAIRMAN: Yes.

Mr. BROOKS: Yes. I see that now. There is no contradiction. I can see that now.

The CHAIRMAN: No, there is no contradiction. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then we come to section 4(b) which defines veteran in respect of the South African War. Is that carried?

Some Hon. MEMBERS: Carried.

Colonel GARNEAU: That is from the old Act.

The CHAIRMAN: That is from the old Act. That is (b). There is no change. Where there is a change it is underlined.

Mr. CROLL: (b) is carried.

The CHAIRMAN: (b) is carried. We now come to (c).

Mr. BROOKS: With regard to (c), I think that brings up the question of those who served in the first war and had service in England which during that war was not considered an actual theatre of war. That is one point which arises I think under these dual pensions.

The CHAIRMAN: We will have that stand then.

Mr. BROOKS: We had better let that stand.

The CHAIRMAN: Then we come to (d). That embodies the order in council.

Mr. WOODS: That is from the old Act.

The CHAIRMAN: There is no change there.

Mr. BROOKS: Better let that stand.

Mr. GREEN: That brings up the whole question of Imperials. That is a highly contentious point, of course.

The CHAIRMAN: That stands, then. Then section 5, veteran to whom allowance payable.

Mr. GREEN: Mr. Chairman, are we going to have any evidence today?

The CHAIRMAN: General Price, who is Dominion President of the Canadian Legion, is here and is prepared to make a statement, but he wished to wait until he could have mimeographed copies of it to distribute to the committee. He was going to advise me as soon as the mimeographed copies arrived, and then I was going to call on him to make a submission in regard to this bill. We are only carrying the parts where there is no change or no question that there would be any change desired. We are just running through the bill now and finding out what is at all contentious.

Mr. GREEN: After the submission is made, it may turn out that some sections that have been gone over should be changed.

Mr. CROLL: We can always go back.

The CHAIRMAN: If any member wishes to have anything reconsidered, the way we are carrying on I think that can be done without any difficulty.

Section 5, subsection (a)—veteran to whom allowance payable.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Is (a) carried? It is the same as before.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Subsection (b).

Mr. GREEN: Is there any change in it?

The CHAIRMAN: The only change here is in regard to female veteran, and her age is reduced to 55. Formerly she would get an allowance at 60, the same as the male veteran. The only change in regard to this section is to reduce the age in regard to female veteran to 55.

Mr. GREEN: That is an entirely new provision.

The CHAIRMAN: Yes.

Mr. WOODS: Many of the nursing sisters are pretty well worn out when they reach the age of 55.

Colonel GARNEAU: There were no women veterans in the last war, really, so we had to provide for female veterans as such.

Mr. GREEN: Are the nursing sisters of the last war not covered by the War Veterans' Allowance Act?

Colonel GARNEAU: Yes, that is true. They were eligible at 60 years of age as veterans of last war, and we thought of bringing it down to 55 since the order in council that dealt with the widows' legislation gives these the privilege of being eligible at 55. It was felt that the least we could do for the female veteran who actually served was to bring it in line with the widows' legislation.

Mr. GREEN: That is very true.

The CHAIRMAN: Is that carried?

Some Hon. MEMBER: Carried.

The CHAIRMAN: Subsection (c). That is in the old Act.

Mr. HERRIDGE: I should like to say a word or two on that section, Mr. Chairman. It reads "any veteran who, in the opinion of the Board, is permanently unemployable." I have known of several cases of men who received the war veterans' allowance who were permanently unemployable or apparently so; and then owing to rest or changed conditions, in one, two or three years, recovered and voluntarily surrendered the war veterans' allowance. My point

is this. Would this clause cover a man, say, who might at the present time be unemployable, and yet a doctor could not say he was permanently unemployable, but by his receiving the allowance for a year or two would give the doctor an opportunity to see whether the man was going to be permanently unemployable or whether he would recover? I mean, how is that interpreted, Mr. Chairman?

The CHAIRMAN: Will we allow that to stand or just deal with it? I think we had better let it stand.

Mr. GREEN: Could we have some explanation? There is a change made there from the old section.

Colonel GARNEAU: Not in (c).

The CHAIRMAN: No, not in (c).

Mr. GREEN: Yes, there is, as I read the Act.

Colonel GARNEAU: I might explain.

Mr. WOODS: This is the section that was enacted in 1938.

Colonel GARNEAU: That combined the former clauses (b) and (c).

Mr. WOODS: That is the latter part of it.

Mr. CROLL: As I understand it, it is more than just being unemployable; it is "is incapable and likely to continue".

The CHAIRMAN: Would you explain that, Colonel Garneau?

Colonel GARNEAU: In the former Act we had what might be termed three classifications of veteran: the man who was 60 years of age, who was eligible, irrespective of his physical condition provided he was in necessity, like in all other cases; then the one who was considered permanently unemployable because of physical or mental disability; and then the third section was added in the amendments of 1938, to further broaden the act and give wider scope to the board in the matter of interpretation, with regard to the veteran "who does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is in the opinion of the board, incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency." The idea of this last paragraph was to combine the two clauses (b) and (c) of the former Act into one, giving the board authority to consider him either as permanently unemployable or so handicapped as to be unlikely to become capable of maintenance at any time.

Mr. BROOKS: If a veteran receives allowance under the War Veterans' Allowance Act and later on it is found that he is not permanently unemployable, that his condition is better, is there any change made in the allowance; or once an allowance is made does it go on?

Colonel GARNEAU: I might explain that, as a matter of practice, the board does not grant allowances on what is apparently—I would not use the term obviously—a temporary condition. Take the case of a man with a broken arm or who has had a kidney operation or something that might lay him up for a certain time. We consider all factors in the case. Where he has had good employment history and had to leave his job on account of that condition, in that case we would study the application very closely. If there is a reasonable doubt in favour of the veteran, that he would be so handicapped as to be unable to return to his former employment, combined with his age, for instance, and so on, the board would in all likelihood pay him the veterans' allowance; give him the benefit of the doubt, in other words. If in a year and a half or two years, or maybe 10 months, the man feels well enough to go back to his job, his condition had improved, and he notified us, we would cut him off. Whilst, originally, I believe we have followed the spirit of the Act in not granting what we consider might have been temporary disability, but gave him the

allowance because we honestly felt that he was washed up or through, if later he makes a good come-back we would then cancel the allowance. The man is re-established. We try to deal with each case individually and not establish a hard and fast rule for all cases. In the matter of war veterans' allowances there are so many factors such in the economic history of the man and in the general physical picture, etc., that we try to take every factor into consideration. I think some members have had occasion to discuss some cases with the board in the past and when the file was laid open to them and the matter explained as to how we approached it, I feel that possibly the Board's attitude has been found satisfactory. We do not apply a hard and fast rule or a general rule to all cases.

Mr. BROOKS: My point was this. He would get an allowance while he was temporarily incapacitated. Then if he went back to work, would the section allowing him so much earnings cancel that automatically?

Colonel GARNEAU: If it is demonstrated that he can go back and earn his living, we would cancel the allowance.

Mr. BROOKS: It would be cancelled automatically if his earnings were so much, anyway, would it not?

Colonel GARNEAU: Yes. He is under an obligation to notify the board. He undertakes to notify the board of any change in his domestic or financial circumstances, and most of them do. They will write in, "I am going back to work at the job I had"—or it may be another job, or something like that—"and I do not feel that I will need the allowance". Some of them do not; and they are sometimes found out by a review or investigation. But in the great majority of cases the veteran generally abides by the rules and we cancel the allowance if notified of re-employment. If later, in two months time, after he has gone back, there is a flare up of his condition and he has to quit again we naturally pick up the slack there in such a case and reconsider the case the same as if it was a new application.

The CHAIRMAN: May I say, for the purpose of clarity when we reprint this bill, that your explanation in regard to section 5 is incomplete. You should have in there that (c) is a rewording of clause 4 (1) subsections (b) and (c), but that it does not change the effect of the Act; because the way it is here in the explanation, it is misleading. Mr. Green has pointed out that this is reworded and it should be put in the explanation here.

Colonel GARNEAU: Yes.

The CHAIRMAN: Wherever that happens, it should be pointed out so that nobody will be misled.

Mr. GREEN: I think there is one question to be considered in connection with that change. Under the present section 4 (1) (a), (b) and (c) there are three cases in which the veteran can qualify for war veterans' allowance. First, under (a) if he "has attained the age of 60 years."

Colonel GARNEAU: Is that under the old law?

Mr. GREEN: Under the present Act.

Colonel GARNEAU: Yes.

Mr. GREEN: And (b), if he "has not attained the age of 60 years but is, in the opinion of the board, permanently unemployable because of physical or mental disability"; and (c), "does not qualify by age or disability under the two preceding paragraphs, but having served in a theatre of actual war, is in the opinion of the board incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency". That subsection (c) was passed in 1938, I guess it was.

Colonel GARNEAU: Yes.

Mr. GREEN: To meet a type of case that had become quite large in number, and the subsection does not contain this permanent provision; there does not have to be permanent disability such as there is in subsection (b).

Mr. WOODS: That was put in because there were many cases where the doctor would not certify the man as being permanently unemployable.

Mr. GREEN: The doctor would not say the man was permanently unemployable?

Mr. WOODS: No.

The CHAIRMAN: The question is; have we carried that forward in this proposed bill? I do not think we have.

Mr. GREEN: That is the idea. I think there was some value in having the two separate.

The CHAIRMAN: One says "is permanently unemployable"; and the other case does not qualify under this, but where he is suffering from "economic handicaps combined with physical or mental disability or insufficiency." Economic handicaps could not possibly be regarded as permanent; you might have them pass away. I do not think you have carried it forward adequately at all, myself.

Mr. GREEN: I am afraid there is a danger, if you tie in the two sections, that then the provision that it must be a permanent disability will override the wider provision which is now contained in subsection (c).

The CHAIRMAN: I think we should allow that to stand for redrafting.

Colonel GARNEAU: We have the word "or".

Mr. HERRIDGE: Mr. Chairman, I should like to explain what I am getting at in this case. I give credit to the board for being, in my opinion, very fair in considering the majority of cases, but I just want to be clear in a case of this type. Here is a man who had a long battle experience in the last war. He is about 56 years of age and he worked in industry up until a year ago, a man of not good physique. He loses his wife. He loses his son in France. His health fails and he has to resign from his work. He goes off in the country and gets a little log cabin and settles down. He is examined by the local doctor for the War Veterans' Allowance Board. The local doctor says, "Well, you are certainly in bad shape, but I cannot say that you are permanently unemployable. I think if you get back there in the woods and live a quiet life, you may be fit in a year or two." That is the point I am getting at. What happens to a man like that, of whom the doctor says he cannot say he is permanently unemployable? There are no economic handicaps because, as far as labour is concerned, in the district in which he happens to live, there is plenty of work at the present time. What happens in a case like that?

Colonel GARNEAU: I am afraid in a case like that the board will turn down the application if no doctor finds any disability sufficient to handicap him to an extent where he cannot earn a livelihood or provide for his maintenance.

• Mr. HERRIDGE: He cannot at the present time.

Colonel GARNEAU: —There should be, in a case like that, some demonstrated disability; if it is mental, it does not need to be an institutional case. If the doctor tells us that that man is so nervous and suffers to such an extent from neurasthenia or something, does not want to live in the community and cannot help himself, cannot stick to a job in any way, shape or form. The board might consider that as sufficient handicap to bring him in under the Act. It is dealing somewhat with what we might call the intangible in that case; it is pretty hard to say whether that man will be permanently unemployable or not.

Mr. HERRIDGE: That is what the doctor said.

Colonel GARNEAU: But if he is sufficiently disabled to be prevented from providing for his own maintenance, the board may take a generous view of such

cases. As I say, there must be some adequate reason or excuse given for a man who is not 60 years of age to be favourably considered for an allowance. If the disability on the surface or after further examination appears to be temporary we might say, "Well, the board will decline the case now and review it in six months and if his condition—that has happened quite often; we have made a re-examination in four to six months' time—is appreciably the same, we would most likely give this applicant the benefit of the doubt. We have both protected the legislation, so to speak, and also not overlooked the veteran's interest.

Mr. HERRIDGE: Pardon me, Mr. Chairman, but is it possible in a case like that—where the man is in very poor physical condition, incapable of doing any work—for him to get an allowance?

The CHAIRMAN: There is no question about that; he would get an allowance.

Colonel GARNEAU: He would get an allowance.

Mr. HERRIDGE: But the doctor says he cannot say that is a permanent condition.

Colonel GARNEAU: We are dealing every day with cases like that. We have as an alternative to unemployability, which is one consideration, "or such disability as to cause insufficiency" as put in the present draft to permit us to give him the benefit of the doubt. That was exactly the purpose of that section.

Mr. HERRIDGE: Yes?

Colonel GARNEAU: In very doubtful cases we also have the authority to bring him in to the district office, or the nearest hospital of the department and hospitalize him for a few days there so that he can get a thorough check-up. A doctor may want to have X-rays taken but has not himself the facilities out there to do that. We can bring such a case in, and we do bring cases in to determine exactly the extent of his handicap by the use of any scientific means at our disposal. We do not just turn it down flat because of one doctor's opinion. Those cases are submitted to the board; and we have our own medical adviser on the board who studies the doctor's opinion and then gives us his own opinion on the matter. It very often happens that the board's medical adviser takes quite a generous view of some of the reports sent in.

The CHAIRMAN: The committee will note there that it says "any veteran who, in the opinion of the board, is permanently unemployable because of physical or mental disability or is incapable and likely to continue to be incapable of maintaining himself or herself, as the case may be, because of economic handicaps combined with physical or mental disability or insufficiency." The attitude of the department's solicitor is that the "or" gives you as complete an alternative as putting it in two separate subsections. I do not think it is of any great moment whether you put it in two separate subsections or have it worded the way it is. It is just a matter of draftsmanship. Just how do you want it? Perhaps the neatest way is to have it the way it is.

Mr. GREEN: I think if you combine them like that, Mr. Chairman, you may find that the result is to apply the permanent test to the second clause.

The CHAIRMAN: You should not, if you give words their full meaning.

Mr. GREEN: I think there is great value in having two separate paragraphs. That was very carefully considered at the time that subsection (c) was added.

The CHAIRMAN: That was the thought in 1938. I know that.

Mr. WOODS: You apprehend that there will be a merging?

Mr. GREEN: Yes; that is what I am afraid of.

The CHAIRMAN: They do not get their full weight if you merge them together. If there is any feeling like that, I think you should separate them.

Mr. BROOKS: I think it is better drafting to have them separate.

The CHAIRMAN: We will let that stand then.

Mr. GREEN: There is another point about that, Mr. Chairman. In subsection (c) as it reads here, it says "is in the opinion of the board incapable and unlikely to become capable". You have twisted that around in the new section and you say "is incapable and likely to continue to be incapable". I do not know that that makes any difference; but I think if it does, it tends to provide for permanency of the condition, and in so far as it does that, it is against the interests of the soldier. I do not see why you did not leave it the way it was before.

Mr. CROLL: Let it stand.

Mr. QUELCH: I think that in the past the interpretation of the Act as to who should be allowed to have the allowance has been a very fair one. I take it that it is not the intention of the board to tighten up in any way in the matter of interpretation?

Colonel GARNEAU: Absolutely not.

Mr. QUELCH: It will be interpreted just as fairly in the future?

Colonel GARNEAU: Absolutely.

The CHAIRMAN: I do not see why the wording was changed, myself.

Mr. GUNN: Part of it is superfluous, sir; part of the old Act is quite superfluous, as I think everybody will agree. In paragraph (c) it says "does not qualify by age or disability under the two preceding paragraphs".

The CHAIRMAN: That is not necessary, obviously.

Mr. GUNN: Quite so. It continues, "but having served in a theatre of actual war".

The CHAIRMAN: That is not necessary either, because that is already covered by the opening part of the clause.

Mr. GUNN: Yes. It continues, "is in the opinion of the board incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency". It seems to me that is the essential part of it. In revising this Act we tried, where possible, to omit superfluous language and get it into a form that was easy to understand and easy to interpret; and especially so when we knew the policy upon which the board had applied those sections in the past. Unless the minister recommends or at least instructs me to make a change in this particular drafting, I would certainly suggest that we keep it as it is.

Mr. GREEN: You see, Mr. Chairman, in the new section the emphasis is placed on continuity, "incapable and likely to continue to be incapable". That is an entirely new idea. That is not in the Act as it stands at present. The Act now says "incapable and unlikely to become capable". Just by changing those words you stress the continuity, and that weakens the Act in so far as the veteran is concerned.

The CHAIRMAN: I do not see any purpose in changing it at all. I think it should be left the way it was before and not have those words juggled around with the possibility of somebody coming along later and saying that the intention of parliament was to tighten this up. I think it is the will of the committee that this should stand for re-drafting so as to embody the old language, eliminating the surplusage only. Is that satisfactory?

Some Hon. MEMBERS: Carried.

Mr. BLAIR: If this could be given a broad interpretation, it might be all right.

Mr. ADAMSON: Mr. Chairman, are we going to discuss this?

The CHAIRMAN: Yes.

Mr. ADAMSON: I should like to revert to section 4 for one brief moment. Nothing is said about auxiliary services. This would bring them into line with all other veterans.

The CHAIRMAN: As regards the auxiliary services, the bill covering them will say what Act they shall get the benefit of. Of course, if it says that they shall get the benefit of this Act, then they get all the benefits of it. That is the way they will be dealt with.

Mr. ADAMSON: That Act has not been brought up yet?

The CHAIRMAN: It is now before a subcommittee of our committee for study.

Is that satisfactory, gentlemen, to just let that subsection (c) stand for redrafting?

Some Hon. MEMBERS: Carried.

Mr. GREEN: In connection with the present Act, section 4, there is a subsection (2) which deals with "physically and mentally capable veterans not entitled" and subsection (3) which deals with "recipient of old age pensions not entitled". What has happened to those two subsections in the amending Act?

The CHAIRMAN: They are in other parts of the Act.

Colonel GARNEAU: They appear in other parts of the Act; under the exemptions, I think.

Mr. GUNN: Subsection (2) is unnecessary.

Mr. WOODS: Section 12(3) on page 7, recipient of old age pension not entitled.

Colonel GARNEAU: Yes, part IV.

Mr. BROOKS: Do you not think that should be in the explanation on the page on the right?

The CHAIRMAN: Yes. That should be in the explanatory note so that we would know when we went over it.

Mr. GREEN: What has happened to subsection (2)?

The CHAIRMAN: It is dropped.

Mr. GREEN: Is it dropped?

The CHAIRMAN: Yes. It is dropped altogether as not necessary.

Mr. GUNN: I think we have those words stuck in somewhere else. This is a revision of the Act.

The CHAIRMAN: But as to the explanatory note, I think Mr. Brooks' suggestion is a good one, that where a section is dropped in the old Act there should be some explanation, for ease in considering it in the House. Then section 4 stands. Section 4(c) stands for redrafting.

Mr. GREEN: Section 5(c).

The CHAIRMAN: 5(c), yes. I was looking at the old Act.

I now suggest, gentlemen, that we suspend consideration of this draft bill for the moment. As I already stated Major-General C. B. Price C.B. D.S.O., D.C.M., V.D., who was recently elected Dominion President of the Canadian Legion of the British Empire Service League, is here this morning and would like to make a submission to this committee. I would now call on General Price.

Major-General C. B. Price, C.B., D.S.O., D.C.M., V.D., Dominion President of the Canadian Legion of the British Empire Service League, called.

THE WITNESS: Mr. Chairman and gentlemen, may I say how very much I, representing the ex-servicemen in the Canadian Legion—in fact, all ex-servicemen in general—appreciate the opportunity to come and make a submission to this committee.

THE CHAIRMAN: Would you prefer to sit down, General Price, or do you prefer to stand? You may do whichever you like.

THE WITNESS: I believe that I perhaps think a little better on my feet. May I also say that we appreciate very much that the parliament of Canada has appointed a committee of its members, all of whom have had experience and understand the ex-service people's problems, to study the conditions and endeavour to get as satisfactory and fair a charter, as it were, as possible for our people who have served and made sacrifices. It is most heartening to the ex-service people in general to see this interest taken. Unfortunately, I have not had the chance to study the bill in detail, but on reading it over we find that it does embody quite a number of the resolutions and recommendations already submitted by the Legion. It does look after some of them. But as these resolutions were passed at the convention of the Legion after most careful study and consideration, I am taking the liberty of placing them before you.

You will note that we emphasize two important points in connection with the War Veterans' Allowance Act which, I might say from my own experience in the period between the wars—what you might call the hungry thirties—was a very great and constructive step in easing the lot of what we called then the "burnt-out" veteran. It is the great hope for the future that it will take up the burden and act as a buffer when difficult times come along. It is splendid in most of its considerations. You will see that we make one or two suggestions, two in particular which concern us very greatly from our experience. The first is in connection with the soldier or other service personnel who served in the Canadian forces in the last war and missed out on the protection given by the War Veterans' Allowance Act by the fact that he did not get beyond England. In this war, I understand, Britain is recognized as a theatre of operations. The difference between the men who served in Britain and those who served at the base in a theatre of operations is so small—and they are liable to the same disabilities and troubles—that we feel that they should be classed as the same: and we do ask that those who left Canada and served overseas anywhere be brought under the scope of the War Veterans' Allowance Act.

The other suggestion is as to that body of men who wore the King's uniform and who served in the Imperial forces in the first war, came to Canada shortly afterwards and have been Canadian citizens for 20 years; they have been taxpayers; their sons and daughters have served in this war and they have contributed greatly to our national life. We think they should be treated as Canadians and be brought under the benefits of the War Veterans' Allowance Act. In particular, there is a group of them who have really served in two wars, because they served with the Imperials in the first war and in this war some of them have served in the Veterans Guard and rendered splendid service. As I have said before, their children served in our forces. We do urge, as you will see, that they be brought under the scope of the War Veterans' Allowance Act.

Now, sir, I do not know whether you will find it tedious to have this read, but perhaps it could be filed and laid on the table; and if you approve I will just read it as it stands. That is all the time of the committee we shall take.

The CHAIRMAN: Very well, General Price.

The WITNESS: The preliminary paragraph has been covered, I think, by what I have said up until now, so I will start with the resolutions.

1. *Basic Rates*

Be it resolved that we urge that every consideration be given to an increase in the basic rates of war veterans' allowance;

And be it further resolved that we endorse the submission of Dominion Command to the Parliamentary Committee on Veterans' Affairs, recommending an increase in the total income to an amount which would bring total income to a level equal to a 100 per cent pension.

2. *Extension of W.V.A. Benefits*

Be it resolved that the War Veterans' Allowance Act be so amended that the same privileges and assistance may be granted to veterans who enlisted in the Canadian Expeditionary Forces and served outside of Canada as are now granted to men who served in an actual theatre of war within the meaning of the War Veterans' Allowance Act.

3. *W.V.A. for Imperial Veterans*

Be it resolved that we endorse the present policy of the Legion which has been aforesated as follows:—

That we urge upon the dominion government action to extend the war veterans' allowance to ex-Imperial veterans under the same conditions as to Canadian veterans, other than on the question of pre-war domicile, providing such Imperial ex-service men were resident in Canada on September 1, 1930, and have since resided in Canada or who may have had continuous residence in Canada for a period of 20 years.

4. *Suspension of W.V.A. while in Hospital*

Whereas recipients of war veterans' allowance undergoing hospital treatment for non-pensionable disabilities have their allowances reduced during treatment and on discharge must wait a considerable period before having the allowance reinstated;

Be it resolved that in all cases where treatment is required in excess of one month the local administrator be empowered to pay one month's allowances on discharge.

5. *Extension of Benefits to Chronic Invalids*

Resolved that the War Veterans' Allowance Act, widows' allowance regulations and dual service pension order be amended to provide for the continuance of the allowance in respect to children and orphans who are chronic invalids beyond the age of twenty-one years.

Several of the proposed amendments in the bill under discussion will to a substantial degree meet some of our recommendations. The Legion is grateful that so much progress has been made. Without a doubt the lot of many aged veterans will be made much easier if the amendments are adopted, and they will assist in keeping many established homes together.

I am in duty bound to tell you that a large number of veterans in urban areas, with no other source of income but the allowance, are living under appalling conditions. If this committee were to draw files of the War Veterans' Allowance Board from among this class of veteran they would find some very bad cases of inadequate food, shelter, clothing and fuel, for which the present

allowance is insufficient. I feel that an investigation should be conducted immediately into such conditions and that some means should be devised to give further aid to the worst cases, particularly those bedridden and where the recipient is completely unable to assist himself. I know that this problem could to some extent be met by homes for aged veterans—I think this applies more to single veterans than to married veterans because you cannot get the married veterans to go away from their homes—some of which have already been established. There are, however, some war veterans' allowance recipients with young children, and I would like to suggest that the War Veterans' Allowance Board establish a welfare branch to keep war veterans' allowance cases of this character under periodic observation, with discretion to the board, within reasonable limits, to see that adequate supplementation is available to relieve the need for at least bare necessities. We are aware that such supplementation could come from local relief sources, but we do not know that this supplementation is being given because local authorities generally have a tendency to regard veterans as a federal responsibility.

Another way of dealing with this problem would be to establish a special fund similar to the Dependents' Board of Trustees that rendered supplementary assistance to dependents of men serving in the Forces.

Whatever method is adopted the problem of the completely destitute veteran does need further consideration. This problem was recognized in 1943, when a supplementary allowance was provided to increase the rate in such cases from \$20 per month, single, to \$40 per month, married, to \$30 single and \$60 married. This problem, of course, is much more acute in urban areas than in rural districts.

The Legion would like to have the proposals regarding the extension of the war veterans' allowance to Canadians of the last war who served in Great Britain only and Imperial ex-service men who have had long residence in Canada, very thoroughly discussed and a favourable recommendation included in the committee's report.

Many briefs have been submitted both to the government and to parliamentary committees over a period of years and we feel that the problem should now be decided. The war veterans' allowance has come to be regarded as the social security measure for veterans and the distinctions that have been made are distasteful to men who have fought side by side in the same cause or who proceeded overseas and served long periods in Great Britain. Canadians who served in both World Wars without going overseas are now eligible for what has hitherto been known as the veterans' dual service pension. There seems no sound reason for excluding Imperial veterans of the First World War who served in the Canadian Forces in Canada in the Second World War, many of whose sons and daughters have served in the Canadian forces in theatres of operations in the Second World War. To exclude Imperials of the First World War who served in the Canadian forces in the Second World War would discriminate between men who served side by side in the Canadian forces under exactly the same conditions.

Our plea is based on the natural desire to have former comrades-in-arms receive adequate and equal social security in their old age and it is felt that the case for both the Canadian who served in Great Britain and the Imperial who has had long years of residence in Canada, is fully justified.

All of which is respectfully submitted.

The CHAIRMAN: Thank you, General. Would any member of the committee like to ask General Price a question or questions?

Mr. GREEN: I think it would perhaps be helpful if we could ask General Price about this suggestion for the setting up of a special fund similar to the Dependents' Board of Trustees. As the committee will remember, the other day

we dealt with the question of the children of pensioners who were not getting what we considered adequate treatment. I wonder if the general thinks it would be possible to deal with the children of the pensioner—that is, where there was hardship—and also the children of the war veterans' allowance recipient who was in the same condition, under some sort of special fund set up and administered by special trustees?

The CHAIRMAN: The way this arose, General Price, is this. As Mr. Green says, as you know, for children born after the cut-off date, no pension is payable. There was a recommendation that the question as to the treatment of children in need, in necessitous circumstances, where no pension was paid to them because of the cut-off date—

Mr. GREEN: It was wider than that. It covered all cases of hardship.

The CHAIRMAN: Yes, but it had particular reference to them. The suggestion was that a study be made of some way of dealing with those in necessitous circumstances. I understand your question is whether the general thinks they should be dealt with as a sort of group, together.

Mr. GREEN: Yes.

The WITNESS: It is a little difficult to give an intelligent, definite answer; but from my own personal viewpoint I would think so. I believe that the officers of both departments have had so much experience that they could devise a satisfactory system with perhaps giving the Legion the privilege of sitting in, discussing it and advising.

The CHAIRMAN: There is just one thought that occurs to me, General Price. Was there any resolution passed at the convention in regard to army canteen funds or the funds that the army might be conceived to have some interest in, the same as has been done with regard to the air force and navy?

Mr. J. C. G. HERWIG: Yes, there was. But we have not submitted it.

The CHAIRMAN: You will be submitting it?

Mr. HERWIG: Yes.

Mr. GREEN: That might be a way out of the difficulty.

The CHAIRMAN: Yes; to have that supplemented to the necessary extent from year to year.

Mr. BROOKS: If we had some idea of the amount of the fund, it would be helpful. It would depend almost entirely on that.

The CHAIRMAN: The funds are quite extensive, I think.

Mr. GREEN: About how much?

The CHAIRMAN: It seems to me that they run over \$2,000,000 or \$3,000,000. do they not?

Mr. WOOD: Yes.

The CHAIRMAN: How would it be if we asked the department to look into the phase of the matter raised by the Canadian Legion at the same time as they look into this other question? Is that satisfactory?

Mr. GREEN: I think it would be very much worth while. Do you think we could have a report from the department at a fairly early date on the question?

Mr. WOODS: Mr. Chairman, we have a proposal now before the government advocating that we be permitted to set up a social service division of trained social service workers. Investigators of the type we have been using heretofore have not really the background of training in social science that they should have. We are proposing an entirely new service, a social service division that would enable us to examine social problems such as those referred to. As to procuring a report in a hurry, I am somewhat doubtful if that can be done in a matter of weeks. Our whole organization now is throwing its weight into the

rehabilitation aspect of the work, and I am a little afraid that we will have to wait until the deluge has passed before we can set up and get this new social service division organized.

Mr. GREEN: Mr. Woods, are you also proposing that the social service division shall have funds available with which to help out hardship cases, or is it merely a division to investigate?

Mr. WOODS: It is a division to investigate and report to us on social conditions, Mr. Chairman. But this other question that you raise, of funds that will meet emergencies, unusual cases, is right up in the consideration of the canteen fund question that the chairman has referred to. I assume that will be coming before the committee in due course, Mr. Chairman.

The CHAIRMAN: In that regard, Mr. Herwig has drawn to my attention that the Canadian Legion has a resolution on that which reads:—

Resolved that in the distribution of navy, army and air force canteen funds, consideration should be given to the establishment of scholarships to the children of deceased members of the navy, army, R.C.A.F. and auxiliary services.

That is the end of the resolution. I think you will find that if we have the kind of service that the deputy minister has outlined, and a very definite need is shown, we can hope to make more headway with the exact facts to work on than we have been able to make before. I think that is a real step forward myself. Is it satisfactory to refer this important question along with the other matter we have referred under the Pensions Act for study by the same people?

Mr. GREEN: I think so.

The CHAIRMAN: Is that agreed? (Agreed).

Mr. WOODS: A proposal was made before the committee the other day with respect to veterans who had served in two wars that they should receive a service pension based on their cumulative service in both wars. I take it from the representations of the Legion this morning that the Legion feels that those men should rather be taken care of under the War Veterans Allowance Act than through the medium which was suggested to the committee the other day of a service pension based on cumulative service in both wars.

The WITNESS: I think that point is well taken. If the War Veterans Allowance Act is comprehensive enough and the suggestions made can be brought into it I think it would look after those cases. We do appreciate the extreme difficulty of introducing a service pension of that nature which probably would affect all other pensions. Therefore for that reason we do feel that the right thing to do is to concentrate on the War Veterans Allowance Act.

The CHAIRMAN: It might help some who did not need help and give very inadequate help to those who needed it badly.

Mr. GILLIS: There is one point in connection with that question that should be clarified. The granting of a service pension would be a pension by right regardless of income. If you throw that whole problem within the scope of the War Veterans Allowance Act you have the means test applied. You are going to defeat the principle behind the first proposal. Personally I would favour having a service pension written into the Pension Act by right rather than relegating it to the means test and a lot of investigation and that kind of stuff. I do not think we should relinquish our struggle to secure the first proposal.

The CHAIRMAN: The difficulty about that is if it is based on length of service some of these men who did not have very long service in the other war might be in much more necessitous circumstances than somebody who had seen long service. That is your difficulty. If you base it entirely on service you

may give a great deal of help to a man with long service who may have a very good job and does not need it. Then the very argument arises that you mentioned yourself the other day, that if we spend money on those who do not need it then it may be at the expense of those who do need it. That is the difficulty about basing it on length of service.

Mr. CLEAVER: Some of the most needy cases might have a very short term of service and consequently very small rights under a pension scheme of that sort whereas those very needy cases would be fully taken care of under the liberalized war veterans allowance scheme.

Mr. GREEN: Is there not a very broad difference in the two approaches? One is to pay for war veterans allowance and the other is to pay for something that is not a pension under our Pension Act but in effect a military service pension. It is not a disability pension but a service pension on the ground they have served the country for a great portion of their adult life. They are two very widely separated approaches. Has the Legion given consideration to those two alternatives and decided in favour of one and against the other? I rather took it from General Price's statement they had done so, but it would be helpful if we could know for sure whether there has been a stand by the Legion on that.

Mr. HERWIG: The Legion did consider the possibility of a service pension, and the only legislation under which it could be promulgated would be the Militia Pension Act for long service pensions unless you had a special Act to deal with this particular class of veteran. Using the Militia Pension Act the benefits would be very slim for a large number of individuals and would not be comparable to what could be obtained under the War Veterans Allowance Act. Therefore, as a practical proposition the War Veterans Allowance Act gives much better coverage.

Mr. BROOKS: Your idea was to look after only those who were in necessitous circumstances?

Mr. HERWIG: Not necessarily, if the government want to give a service pension. The history of service pensions in this country has been that it is a pension for professional service only. We have had that drilled into us for a long time. The principle might be accepted now if it is thought desirable, but when you try to figure out all that is involved in changing the Militia Pension Act then you get into a very tough proposition. Some years ago we tried to get some changes in the Militia Pension Act to count war service towards pension and did not succeed. No parliamentary committee would really dig into it. That is what would be involved in going into a service pension. You would have to relate it to the existing legislation which deals with service pensions. We considered that to be impractical.

Mr. CROLL: It seems to me that the Legion is taking a very practical view. They realize that the War Veterans Allowance Act will answer their purpose and answer it much better than a service pension which is perhaps unattainable. For that reason they take what they realize is there available for them and improve on it. I think that is a very helpful view and that they are on the right track.

Mr. WOODS: It might be of interest to the committee if this statement is tabled. It is a statement showing the pensions payable under the Militia Pensions Act. It is just one sheet. It shows that a private soldier after 15 years, single, would draw \$25.09 a month, and if he was married he would draw \$36.25 a month. It shows the various ranks and the pensions based on the length of service, 15 years, 20 years and 25 years. If the committee wishes I would be glad to table it.

The CHAIRMAN: Is that agreed? (Agreed).

Mr. GREEN: Does the Legion take any stand on the question of the abolition of the means tests under the War Veterans Allowance Act?

Mr. CROLL: We are all opposed to it.

Mr. HERWIG: We are all opposed to the means test. Our suggestion was that we should use the income tax exemptions as the level of income.

Mr. GREEN: Would you explain that a little further? I do not understand what you mean.

Mr. HERWIG: At the present time the income figure is \$1,200 before tax is applied in the case of a married man. That would be the income level for War Veterans Allowance Act purposes.

Mr. GREEN: You mean that a married veteran should be allowed to receive with his allowance and whatever earnings he can get over and above that a total of \$1,200 a year?

Mr. HERWIG: Yes.

Mr. BROOKS: After that the allowance would be pensionable or he would not get it at all?

The CHAIRMAN: You mean taxable.

Mr. BROOKS: I mean taxable.

The CHAIRMAN: As I understand your submission that is hardly what is suggested.

Mr. HERWIG: I am speaking of the suggestion made last year by Mr. Walker in his brief.

The CHAIRMAN: I am speaking of your most recent suggestion, and it says:—

We endorse the submission of Dominion Command to the Parliamentary Committee on Veterans Affairs, recommending an increase in the total income to an amount which would bring total income to a level equal to a 100 per cent pension.

I took it from that they recognized that the means test would still be applied?

Mr. HERWIG: That is a means test, but put it this way, the kind of means test our people do not like is the one that investigates and pinches pennies. That is really what happens in this means test business. If you were to set a decent income level then this question would disappear entirely. After all if you are going to give service pensions I presume you must have some level to work from. We agree on that, but do not put it too tight.

Mr. CROLL: I do not blame you for improving your position a little this morning.

The CHAIRMAN: Just to have it clear, in this bill it raises the basic war veterans allowance of a married man to \$730. It allows him a permissible income over and above that of \$250, in addition to that casual earnings of \$125, in addition to that earnings from investment of \$25, and then the right to have his own home. Without the right to have his own home that amounts to \$1.130 which approaches very closely to your recommendation.

Mr. HERWIG: That is why I am not quarrelling with it.

The CHAIRMAN: Will we have any further questions or proceed to go through the bill?

Mr. GILLIS: I think we should have that question clarified a little more. I think we are aiming at two entirely different problems. There is the problem of a service man who qualifies for a service pension. It is covered now under your Militia Act. I do not think we should take the position here on that particular question that we are going to relinquish any further push in that direction by throwing the whole thing over to the War Veterans Allowance Act. You

will have hundreds of men with the required amount of service to guarantee them a pension who will never come within the scope of the War Veterans Allowance Act. I think that pension should be his by right. I agree with the recommendation made by the Legion with respect to broadening the scope of the Act, but I certainly do not agree with the suggestion made to relinquish any further consideration of this matter of a service pension because I think it is an entirely different problem.

As I see it if a general when he has completed sufficient time in the service is entitled to \$6,000 a year as a pension—and they are paying them—then some consideration should be given the rank and file soldier who slugged it out with a bayonet, came back and put in the required number of years in the service. I think a lot of consideration should be given with respect to jacking up his pension.

Mr. GREEN: Which pension?

Mr. GILLIS: Service pension. The suggestion is that we let it stand and do not do any more about it, that we going to try to handle the whole problem through the War Veterans Allowance Act. I do not think we can. We are mixing two questions. The service pension is a matter that would have to be gone into in the House with the Department of National Defence because it has not any thing to do with disability pensions, and so forth. It is a straight matter that should be discussed there, but I do not like to see the Veterans Affairs Committee, the people who will logically be expected to discuss it in the House, say here that as far as we are concerned we are not giving any further consideration to this matter of service pensions. I think that is a bad decision to have go out on the record.

The CHAIRMAN: I do not think anyone is making that decision.

Mr. GILLIS: But the trend of the discussion would lead anyone reading the record to believe that.

The CHAIRMAN: I think the attitude was that we should go ahead and try to make the War Veterans' Allowance Act as good as possible. Then the other is a separate thing altogether. I think that would be correct.

Mr. GREEN: We cannot separate them that easily. At the present time the dual service pension is in effect a war veterans allowance paid under the War Veterans' Allowance Act.

The CHAIRMAN: And it was so meant to be. It was never meant to be a pension for service because it is given to people regardless of their length of service.

Mr. GREEN: Yes, but I think we cannot just drop the issue and say that it does not come up under the War Veterans' Allowance Act because it is right there all rolled up with the War Veterans Allowance Act.

The CHAIRMAN: In the proposed bill we are even changing the name because to call it a dual service pension is a misnomer. In the proposed bill we have even changed the name. It really is wrong to call it a pension because it is not based on the ordinary basis on which a pension is given at all.

Mr. HERWIG: In my remarks I neglected to say that the service pension is only for permanent force men. It does not apply at all to the voluntary forces or the forces that served in the war unless they were permanent force men. Anybody that served could not get a pension under the Militia Pension Act. It only applies to those who enlisted and served in the permanent force. That is one of the chief reasons why I say we did not think it was practical to bring fellows who served in the forces overseas or in the war under the Militia Pension Act. You would have to change the whole long service pension system. That would be a pretty tall order.

The CHAIRMAN: In part 3 of the Act on page 6 the proposed heading is "Allowances payable in respect of other ex-service persons". That is to get away from the idea it is supposed to be a pension for service.

Mr. GREEN: Is there not a physical disability test even for men who served in both wars? In other words, if a man who served in both wars is physically fit he is out of luck under this Act unless he is 60 years of age?

Mr. CROLL: That is right.

The CHAIRMAN: It is an allowance, not a pension.

Mr. GREEN: And it is based on physical disability?

The CHAIRMAN: Yes, it is the same thing. On page 6 section 10 sets out the same basis.

Mr. GREEN: He would not qualify merely because he had served in the two wars.

The CHAIRMAN: No, that is why it is wrong to call it a pension. It is really an allowance on the basis of which other allowances are given. The only difference was that men who did not get beyond England in the first war and served in this war would get this allowance.

Mr. GREEN: Why was it not made to cover him regardless of physical condition?

The CHAIRMAN: Because, of course, it was based on the same idea as the war veterans allowance. It was based on the need of a person. There never was any intention this should be a pension. It was an allowance.

Colonel GARNEAU: It was a preference given to a man who had served in both wars and who otherwise would be ineligible under the general conditions of the Act, as it existed at that time, due to lack of service in a theatre of actual war.

Mr. GREEN: The provision only helped the man who did not have sufficient service in the first war to qualify for the war veterans allowance.

The CHAIRMAN: That is correct. The reason for that is very plain. There were many people who did not get beyond England in the first war, and their service in this war was guarding prisoners. It seemed unfair they should not get something under the War Veterans' Allowance Act.

Mr. GREEN: Even so, they do not get anything unless they are physically disabled.

The CHAIRMAN: Unless they need it.

Mr. GREEN: Of course, they would have to be needy, but not only do they have to be needy, they also have to be physically disabled. That is the point I am making.

The CHAIRMAN: Or mentally incapable or insufficient. Insufficient covers a multitude of sins.

Mr. BROOKS: Even at 60 they must be unemployable.

The CHAIRMAN: No, they have that as a right at 60.

Mr. GREEN: I thought it was wider. I thought they were covered regardless of physical condition.

The CHAIRMAN: It is the same as the rest of the Act.

Colonel GARNEAU: I do not think the government at that time contemplated going any further than the general clauses of the Act because it might have been giving a possible advantage, not to say an unfair advantage, to the veteran who for any good reasons could not have made the combat areas of the last war, and he would be granted privileges under the Act that the veteran who has seen actual service in a theatre of actual war would not be getting.

That is why they just took as a basis service in both wars but they could not give them more as a pension by right than the man who had actually seen fighting service on the continent.

Mr. GREEN: I think it would be worth while for the committee to give some consideration as to whether or not that should not be extended to cover the man who does not happen to be physically disabled.

Mr. CROLL: Then it becomes a war service pension pure and simple.

Mr. GREEN: There is an argument—and it is a very good argument, too—that a man has taken out of his life five or six years in this war and perhaps three or four or more years during the last war. We cannot overlook that fact.

Mr. CROLL: It is not a question of argument of the point. They are two separate problems. One is a pension as of right by virtue of service. The other is an allowance as of need.

Mr. GREEN: It is not only a question of need. At the present time he must also be physically disabled.

Mr. CROLL: No, insufficient. The section is quite clear.

Mr. GREEN: That applies to a certain amount of disability.

The CHAIRMAN: It really comes down to this, that if a man is mentally or physically unable to earn his living for himself due to economic conditions and his general physical and mental setup then, of course, there is an interpretation put on it. I think it is pretty broad. We tried to make it broad in 1938 when we dealt with it. Section 6 raises the basic allowance to include the supplementary allowances. It raises it from \$240 in the case of a single man to \$365 and from \$480 in the case of a married man to \$730. That raises the basic rate.

Mr. QUELCH: I thought you said it raised the amount of income from \$240 plus \$25—

The CHAIRMAN: No, that is another part of the bill. That is the exemption.

Mr. WOODS: Section 13.

The CHAIRMAN: That is in section 13. It sets out what he can have in addition to his basic pension.

Mr. BROOKS: He gets \$730 and \$250 and what else?

The CHAIRMAN: And \$125 casual earnings. Then he can get up to \$25 as income from investments, so it comes to \$1,130. Then there are other rights, as you can see.

Mr. GREEN: What about a single man? What is the maximum he can get?

The CHAIRMAN: He gets \$365 and he gets \$125 earnings, \$125 casual earnings and \$25 income from investments.

Mr. BROOKS: He gets \$630.

The CHAIRMAN: \$630. That amount approaches the level at which income tax paying starts by a single man.

Mr. GREEN: Of course, we are hoping that the income tax exemption level will go up to \$2,000 for the married man in the next week.

Mr. CROLL: Then we will raise this accordingly.

Mr. GREEN: If it does we are going to be a long way behind in the War Veterans Allowance Act.

Mr. GILLIS: May I ask a question? It has to do with the case of a married veteran and his wife who have reached the age of 70. The reason I am asking the question is that I had this problem drawn to my attention. People reaching that age require someone to look after them. This veteran was obliged to give up his home. His wife went to live with a married daughter but they could not

take him in the same household. He is obliged to live with someone else. The board then took the position of classifying him as a single man and cut his allowance accordingly. That has been done, and I think some understanding should be arrived at by this committee.

Colonel GARNEAU: That is right.

Mr. GILLIS: Where a man and his wife are separated for that reason I think the least they should do is continue the allowance to him as previously because he is separated through no fault of his own and very likely helps to contribute to the support of the wife regardless of the fact she is not in his home.

Colonel GARNEAU: The reason why that had to be done was that under the present Act under section 6 (2) on page 8 it states:—

No married man or widower shall be entitled to any allowance in excess of the allowance payable to a bachelor unless either he and his wife or he and one or more of his children reside together.

It was mandatory.

Mr. QUELCH: Would you not call casual earnings of \$125 income?

The CHAIRMAN: It was never so regarded in the Act.

Colonel GARNEAU: It was exempted in the former Act. That was largely to give a little leeway on administration. Otherwise in view of the fixed income set, if there had not been some leeway given for casual earnings as such a man might have been tending furnaces in the winter or doing a little gardening during the summer, and so on and so forth, and the board would have been more or less compelled to take every cent into account of any amount over and above the maximum permissible under the Act. That gives a man a chance to busy himself and earn a little pocket money, so to speak, without the board having to take same into consideration.

Mr. QUELCH: I do not quite understand how you differentiate as between casual earnings and income. If a person worked tending furnaces for six months would you not consider that as income?

Colonel GARNEAU: If it is a steady job, a seasonal job that recurs year after year, we would consider that as income. A man, for instance, is employed tending furnaces in an institution or home. He gets a salary of \$40 a month, or a retainer, if we can use that term. That runs from October until May. He goes back to the job next October. In our opinion that would not be casual income. What we would consider casual, as I mentioned a moment ago, is where a man will come and work for you, look after your garden or help around with the furnace ashes, and possibly go to the next-door neighbour and do the same. He may pick up different jobs here and there which may in the long run amount to a certain amount, run errands, sell radio licences, and all kinds of various jobs like that which are not steady or seasonal employment. That is the interpretation we put on it. We have endeavoured to be fairly liberal in looking at these cases.

Mr. QUELCH: In order to get the full benefit of the \$125 he would have to keep quitting one job and taking another one in order to qualify?

Colonel GARNEAU: Yes, to a certain extent. That problem arises especially with men over 60 years of age more often than it does with other men. A man who is handicapped by a physical or mental disability is not generally a very large wage earner but he may putter at odd jobs to keep him busy, and so on. Sometimes men over 60 will take these jobs I mentioned such as tending furnaces seasonally or get employment in the summer with farmers from May to October and then do nothing for the balance of the year. That is another type that comes in under what I tried to explain a moment ago.

Mr. QUELCH: I think some discretion should be allowed the board so that in the case of a veteran who is married and perhaps has one or two children who are not in good health he should be allowed to earn additional income without being penalized. I had one case I brought before Colonel Garneau. It was quite a distressing case of a couple who had one child suffering from epilepsy. They ran into heavy hospital bills. The bills mounted up. They started to get quite heavily into debt. Finally the wife got a job as a telephone operator at \$35 a month in order to try and pay off the debts. I do not think she realized at the time she took on the job that they were violating the Act, but one day they got a notice from the board that the pension was cut off and they would not receive any more war veterans allowance until September this year because they had overdrawn their allowance by two hundred and some odd dollars. The husband, who was pretty old and not in a very good state of health, immediately had a heart attack and he has been in bed ever since. The wife is still carrying on as a telephone operator and is looking after the sick child and now the sick husband, but instead of getting \$60 a month which they were getting under the War Veterans' Allowance Act they are dependent on the \$35 a month she is drawing as a telephone operator. That is why I think some discretion should be allowed the chairman of the board to deal with cases of that kind because they were in a position where they could not meet their obligations and the hospital bills incurred by the sick child.

Mr. WOODS: Under the amendment it now gives them a permissive income over and above the \$60 of \$20 a month. That case would be taken care of, would it not?

The CHAIRMAN: I wonder if you would deal with the point raised by Mr. Gillis. Would not the intention he had in mind be met by some sort of amendment saying that if the husband contributed to the support of his wife and children that there would be no deduction made? It might be that the unfortunate veteran was not able to look after his child. He might want to have her looked after better than he could look after her. It seems to me it should not be requested that he keep her, which might not be in the best interests of the child because he could not look after her, as long as he was contributing to her support. It is the same thing with the wife. He might not be able to look after the wife who might be a cripple. Surely there should be no objection to the money being paid if due to the circumstances they could not live together.

Colonel GARNEAU: The board certainly would be glad to implement any amendment of that kind but at present we felt our hands were tied by that section of the Act. Speaking as the chairman of the board I feel that it is a matter of government policy. If the committee so recommends the board would be glad to give effect to any such plan.

The CHAIRMAN: Are there many cases that fall into that category? Are there many cases like that?

Colonel GARNEAU: We get the occasional one. I would not say that there are many. I am, maybe, going a little too far. That might bring up also the question of cases of separation. That is a bit corollary to the subject, I might say. You have some cases where the wife of a veteran has deserted him, or where the situation is the other way, and we have had to deal with some odd cases of that type.

Mr. CROLL: What do you do in that case? Do you cut him down to a single man?

Colonel GARNEAU: In some cases I must confess that maybe we have taken a fairly generous attitude and maybe we have been looking the other way.

Mr. GREEN: Is it not a fact that section as it now reads is very, very restrictive?

The CHAIRMAN: It is very rigid.

Mr. GREEN: It says: "No married man or widower shall be entitled to any allowance in excess of the allowance payable to a bachelor unless either he and his wife or he and one or more of his children reside together." It uses the word "reside". It does not say "domicile."

Colonel GARNEAU: It says "reside."

Mr. GREEN: It does not say they are not separated. It just uses the word "reside", which is very definite.

The CHAIRMAN: I am very glad Mr. Gillis brought that up, because I think it is something we should consider.

Mr. GREEN: Could not the board bring in a recommendation?

The CHAIRMAN: I think they should look into that and give us a statement on it.

Mr. GREEN: There is one question I should like to ask about this section 6. What is the position of the veteran who has \$1,000 or \$2,000 saved up? How does that affect his allowance?

Colonel GARNEAU: As a practice, in the past we have not attempted to pauperize a veteran who was otherwise eligible for consideration under the Act. If there is a married man with family, or just his wife, we have generally exempted assets, as you might say liquid assets, up to the amount of about \$1,000 approximately.

Mr. Woods: That is covered by the investment income of \$25.

Mr. GREEN: How much?

Colonel GARNEAU: \$25, which was based on the estimate of $2\frac{1}{2}$ per cent return on investment in victory bonds or something like that, up to \$1,000.

Mr. CROLL: It would be better than that; no, that is right.

Colonel GARNEAU: That was just an estimate.

The CHAIRMAN: That is assuming that he would have that much in the way of victory bonds and that sort of thing.

Colonel GARNEAU: Yes.

Mr. GREEN: I think there is one defect in the present arrangement and that is that the man who has been thrifty and has saved up a little bit of money is apt to be penalized under the Act, is he not? Suppose he has got over \$1,000 saved up. Then whatever his savings are, or whatever income he has from his savings, reduces his allowance by just that much, does it not?

Colonel GARNEAU: If you put it that way, yes. But one must not forget that the very essence of the Act is necessity; it is to relieve necessity or need. It is to take the veteran out of the breadline and to give him a means of subsistence which is not otherwise available. Otherwise if he is able to take care of himself or has enough savings, I suppose that he would be expected by the public at large to do like anybody else who is not eligible for war veterans' allowance or who may not be a veteran, and who is up against hard times and has some savings; that is, to use them before he turns to public funds for help. We exempt, as I say, about \$1,000. We do not take that into account. But if a man has savings up to \$3,000 or \$2,000 or so, it seems reasonable—and I am not interpreting the government's thought or anything like that—that he should use some of those savings for his subsistence before he turns to the public for maintenance or help.

Mr. GREEN: What would you do in the case of a man who had \$2,000? Would he have to spend \$1,000 before he could qualify?

Colonel GARNEAU: Approximately. The decision is generally rendered as "not in necessitous circumstances". We probably explain to him in the letter that he has assets of so much. When his assets have been reduced to approximately \$1,000, say, or in the vicinity of \$1,000, he may reapply if his conditions are otherwise unchanged.

Mr. BENTLEY: If he invested those savings in a home and lived in the home, he would come under paragraph (e) of subsection (13).

Colonel GARNEAU: Yes. If those savings were invested in a home. If he bought a home, we would not take that into consideration in the amount exempted under the Act.

The CHAIRMAN: That is \$4,000.

Colonel GARNEAU: Presently \$2,000. That is to encourage the veteran to secure a home for his old age and get a roof over his head.

Mr. HERRIDGE: Mr. Chairman, I should like to ask a question here. What type of investigation is carried out as to the veteran's circumstances, other than the form completed by the veteran?

Colonel GARNEAU: The department furnishes investigators both in the rural and urban areas. The veteran fills out an application. That is received at the district office. An investigator is sent out to his home or wherever he lives and he is questioned. The application is generally with the investigator and he goes over the clauses therein as to income, assets and so on, just to refresh the man's memory and asks him any question that may be necessary to clear up a point. We have always instructed our investigators to avoid using any drastic methods or inquisitorial methods, you might say, in such matters and to explain to him the why and wherefore of the investigation, the reason why it is needed. In some cases we have had men withdraw their application after the investigator was there. They did not understand certain restrictions or certain things in the Act. They said, "Oh, well, this does not apply to me." But in the majority of cases, of course, the investigation report is sent back to the district office where a special committee sits to facilitate the work of the board. In fact, before the application reaches us, they get any additional details that appear necessary. They may request the investigator to go back and clear up a point. If everything is satisfactory, the application, the report, medical examination, etc., is sent to the board for consideration and ruling, and we pass on the reports received.

Mr. QUELCH: Just what will the effect of this amendment be in regard to those cases where the veteran had had his allowance stopped for a number of months on account of the fact that his income in the past had been in excess of the amount allowed? Will it be possible now under this amendment to start paying the allowance at an earlier date or will the veteran have to wait until the total amount of the overdraft to date, as you might call it, has been repaid and this amendment goes into effect from then on?

Colonel GARNEAU: I would say offhand that, depending on the date of any amendment of the Act, we could take that as the basis for readjustment in that case.

Mr. QUELCH: From then on?

Colonel GARNEAU: Offhand, I would say that would appear to be fair and feasible.

Mr. GREEN: Is there any difference in the investment income allowed a married man and that allowed a single man?

Colonel GARNEAU: No, not in investment income.

Mr. GREEN: It is only \$25?

Colonel GARNEAU: \$25.

Mr. GREEN: And that is on the basis of $2\frac{1}{2}$ per cent?

Colonel GARNEAU: That is, as I understand, the basis. I was away when that order in council was discussed a few years ago. I was not on the board at that time, being on active service; but I understand that was applied generally to all veterans, recipients under the Act.

Mr. GREEN: The effect of that is that whether a man is single or married, he is only allowed to have \$1,000 in cash or victory bonds?

Colonel GARNEAU: Approximately.

Mr. GREEN: In order to get an allowance?

Colonel GARNEAU: Yes.

Mr. BROOKS: Will the board automatically review the number of applications that were made previous to this Act or will new applications have to be made on account of the increase?

Colonel GARNEAU: No. We will take care of reviewing all those cases that will be affected by changes in the Act. The other day I mentioned that is why we may be in need, for a year, of some additional numbers to cope with the 30,000-odd cases.

Mr. BROOKS: There are about 30,000?

Colonel GARNEAU: Yes, all told. The total number that we actually have on allowances, including widows and everything, was 28,312; that is including the veterans, widows, orphans and dual service pensioners.

The CHAIRMAN: Can we carry section 6?

Mr. GREEN: No. I think, Mr. Chairman, that section had better stand, as it brings up so many questions.

The CHAIRMAN: Then section 7.

Mr. GREEN: There is one other point I should like to mention in connection with section 6. I understand the Legion representation this morning was asking an increase in the total income to an amount which would bring the total income to a level equal to 100 per cent pension. Is it not a fact that in the case of a single man his pension at the 100 per cent rate would be \$900 a year?

Colonel GARNEAU: Yes.

Mr. GREEN: The total he can get under the War Veterans' Allowance Act, including earnings, is \$640?

Colonel GARNEAU: Yes, under the proposed amendment.

Mr. GREEN: So there is a much wider difference there between the amount provided for under the War Veterans' Allowance Act and the amount the Legion are asking to be allowed, than there is in the case of a married man?

Colonel GARNEAU: Yes, there would be.

Mr. GREEN: For the married man the two figures are \$1,200 and \$1,130. Is that correct?

The CHAIRMAN: That is correct, yes. Of course, that does not take into account the benefit of having the use of his home. In many cases that would apply, which would bring it over the \$1,200; and in the case of single men, they would not have a house quite so often, but in this case it brings it up. A house would be worth probably \$15 a month, which brings it up another \$180.

Mr. GREEN: Can you tell us what number of war veterans' allowance recipients have homes of their own?

Colonel GARNEAU: I am afraid I could not answer that offhand. We have not got any record of those who actually owned homes and those who were renting.

The CHAIRMAN: You deal with these cases yourself quite a bit, Colonel Garneau; you would be able to give us a rough estimate, would you not?

Colonel GARNEAU: I will make a note of that and try to get it. I would not like to answer that offhand.

Mr. WOODS: I would not think there would be more than 5 per cent, from my experience.

Colonel GARNEAU: The picture changes. At present there are quite a number who are owning homes but I could not venture any figure on that. According to some of the letters or explanations given by men who have saved a little money, there will be quite a building boom in some parts of the country because many asking that that their savings be not taken into account because they intend to build their homes as soon as the lumber is available and so on. But I could not tell you what amount there will be.

Mr. GREEN: I think in British Columbia the number who have homes is very small.

Mr. HERRIDGE: In the cities.

The CHAIRMAN: On the other hand, in Saskatchewan, I fancy the number would be at least one-quarter or one-third.

Colonel GARNEAU: 20 per cent?

The CHAIRMAN: Yes. But you can discuss it with your commissioners and give us an estimate, anyway.

Colonel GARNEAU: Yes.

Mr. GREEN: Perhaps Mr. Woods could give the numbers.

Mr. WOODS: I think, Mr. Chairman, that Colonel Garneau could have them pick out 1,000 files at random and have a reviewer go through them and quickly get the percentage.

Mr. GREEN: What would the approximate figure be, from your experience when you were chairman of the War Veterans' Allowance Board, Mr. Woods?

Mr. WOODS: My impression is that it would not exceed 5 per cent, taking it all across the entire country.

Mr. GREEN: That is one in twenty would have a home.

Mr. WOODS: Yes. I may be wrong on that. We can very quickly make a survey.

Mr. HERRIDGE: That must be in the cities because it is very different in the country.

Mr. WOODS: Yes.

Mr. HERRIDGE: I do not know one who does not own his home.

The CHAIRMAN: In Saskatchewan I am sure it would run up to 25 per cent or 30 per cent and probably higher.

Mr. WOODS: The majority of them are in the cities, of course.

Colonel GARNEAU: Yes, to a certain extent.

The CHAIRMAN: That might colour my view of it, because the ones I know are not in the cities, and I might say the same as you, Mr. Herridge. Will we consider section 7 which reads "This part applies to widows of veterans as defined in section 4 of this Act and to orphans who are children of veterans so defined," as carried? That is, it says what this part applies to. Is that carried?

Mr. GREEN: No, Mr. Chairman, I do not think that should carry without a good deal of further consideration. This is the part that would deal with the representations made by the non-pensioned widows organization, would it not?

The CHAIRMAN: Yes. We will allow section 7 to stand.

Mr. GREEN: I wonder if we could stop here to-day and go on to-morrow.

Mr. CROLL: Call it 1 o'clock.

The CHAIRMAN: Is there any thought that we could complete consideration of this tomorrow?

Mr. GREEN: Oh, I do not think so.

The CHAIRMAN: I suppose that is too hopeful. We will do what we can tomorrow and then go on with the Veterans' Land Act on Monday. That will give you time to gather information, Colonel Garneau.

The committee adjourned at 12.55 p.m. to meet again on Friday, June 14, at 11 o'clock a.m.

APPENDIX A

MEMORANDUM

DUAL SERVICE WAR VETERANS

During the war civilians were called from their normal occupations to make up our non-professional army. Army authorities trained these people and made them into soldiers to fight a terrific war against an implacable foe who employed a highly trained professional army. Our civilian soldiers did a marvellous job and thoroughly defeated our enemy. These soldiers are now being returned to civil life, their jobs being over. They are facing the responsibilities and problems of adjusting themselves to resume civilian employment where they left off, or in the case of young soldiers of undertaking to fit into adult civilian society for the first time. Many trained psychiatrists and sociologists had anticipated great difficulties in this period of adjustment, but they are now quite frankly astonished at the ease and purposefulness with which our veterans are finding their places in civil life.

One group of veterans is likely to find great difficulty in obtaining gainful employment, and have been and still are a matter of concern to interested army officers, namely the veterans of both wars. This district has employed approximately 2,800 of these veterans principally engaged in guarding a large number of enemy soldiers and administering the Internment Camps. These men have faithfully performed the services required of them without complaint and at times under great difficulties. They were as important to the war effort as many of the soldiers in the operational theatres of war. It is in their interest that this report is being prepared.

In order to obtain some idea of the problems which would be facing these soldiers when their postwar services were no longer required, a questionnaire was prepared and answered by these dual war soldiers in February 1945. The questionnaire was given to 2,000 veterans and the results tabulated, a copy of which is attached (See Appendix I). At a later date 50 dual war soldiers were personally interviewed without any attempt to selection and an effort made to obtain their opinion on pensions. A copy of these interviews will be found attached (See Appendix II). In addition the Officer Commanding one Guarding Coy. wrote to several civilian employers to obtain their attitude toward employing dual war service veterans on discharge; a copy of their replies is also attached (See Appendix III).

The rehabilitation program of the Department of Veterans Affairs offers little to these veterans. They are unable to take advantage of the best provisions of the Veterans' Land Act since they are too old to complete the ordinary Veterans' Land Act contracts. The majority are too old for vocational training either on the job or in school and even if trained they would have great difficulty in competing with the young veterans of this war. The survey revealed that only 21% had definite jobs to which they could return on discharge. They are not entitled to the Dual War Service Pension (PC 160/7746/1944) until they reach the age of 60 or are permanently unemployable; even at sixty they must be unemployable. The pension is inadequate when it is awarded and is also subject to a means test; in addition the restriction on supplementary earnings to \$125.00 a year, leaves the veteran who has a pension with no incentive to use what employment value he has.

It is felt in this district that these men are entitled to treatment at least as liberal as the Veterans enlisted in this war only. So few of these Dual War

Veterans are in a position to benefit from many of the best provisions of the Post Discharge Re-establishment Order (P.C. 5210), The Veterans' Land Act, Re-instatement in Civil Employment Act, (since they had no permanent employment before enlistment) that it would seem only reasonable that special provision be made by pension or other means for these Veterans in order that they might return to civil life with the feeling that the country was grateful for their services during the two critical periods when all depended upon them to do their duty.

It is hoped that with these observations in mind that something can be done for these Dual War Veterans.

APPENDIX I

BREAKDOWN OF STATISTICS ON DUAL SERVICE SOLDIERS

Based on 2000

Age		Per cent		Per cent
Average age.....	51.4		Service in last war	
	Per cent		C.E.F.	73
Age 45-49.....	36		H.M. Forces.....	26
" 50-54.....	37		Domiciled in Canada.....	9
" 55-59.....	20		Came to Canada 1919-24.....	54
" 60 and over.....	7		Came to Canada 1925-30.....	37
			Others	1
Marital status			Country of origin	
Married	75		Canadian	29
Widower	4		British	60
Single	21		Non-British	11
Children (per married man)			Year of arrival in Canada for Non-	
Under 5.....	11		Canadians	
5-10	22		Prior to last war.....	66
11-16	37		1919-24	20
Over 16.....	30		1925-30	14
1.5 children under 16 per married man.			Education	
2.1 children under 21 per married man.			Under grade 5.....	9
			Grade 5-7	24
Medical category			Grade 8	39
P. 1	23		Partial H.S.	20
2	23		Complete H.S.	7
3	24		University Degree	1
4	30		The future	
Disability pension.....	11.7		Definite job to which to return....	21
			No definite job to which to return..	79
Years of service			A plan for the future.....	29
3	1		No plan for the future.....	71
4	6		Feels capable of returning to work..	24
5	11		Feels incapable of returning to work	52
6	17		Feels capable of returning to work	
7	19		with reservations	24
8	19		Pre-war occupations	
9	15		Farmers	35
10	7		Professional	1
11	2		Labourers	24
12	1		Clerical, sales and business owners.	11
Over 12	2		Skilled and semi-skilled trades....	24
			Government employees	5

CONCLUSIONS

Age Range 45 - 69 Medium 51.4 yrs.

45 - 49	36 per cent	720
50 - 54	37 per cent	740
55 - 59	20 per cent	400
60 - over	7 per cent	140

Dual War Veteran pension becomes available at 60, consequently if discharged now 1,800 would not be available for pension.

Physical Condition

Army Pulhems rating may not be sufficient to appraise the physical condition of a man for civilian life. However these Pulhems ratings do give some indication. 54 per cent of these men have 3 or 4 in their Pulhems which is probably what we might expect of men of their age.

Prospects for the Future

It is at this point that we see the problem facing us in attempting to rehabilitate these men. The general educational level is low. The survey of educational standing for the last war was 84 per cent with elementary education only. The Veterans of C. show 72 per cent elementary only, while this war shows 48 per cent of its personnel with elementary education only. These Veterans are too old to profit from a training program except of a very limited nature towards improving their present employment skills.

Then the picture becomes even more difficult when we notice their employment future. Only 21 per cent of these men had a definite job to which they expected to return at the conclusion of their service. In other words 79 per cent will be leaving the service jobless. Furthermore 71 per cent had no plans for employment—no objective, no clear idea of what they would like to do. 52 per cent declared they did not feel capable of returning to civilian jobs. 24 per cent thought they could do light work and 24 per cent felt fully fit which corresponds to 23 per cent with Pulhems 1 across the board.

What are their responsibilities? We would expect that their families would have grown up and consequently the necessity for their maintenance would be over. On the contrary this is not the case. We find 220 children under 5 years of age; 440 between 5 and 10 years of age; 740 between 11 and 16. That is there are 1,400 children of these 2,000 Veterans who are yet in the school age period and consequently will have to be looked after by their parents. Some families are very large, running to 15 children, over half of whom are in elementary school. They have little opportunity of profiting by educational facilities beyond that offered by our public school system.

Pension

As I pointed out 1,800 of these Veterans are not eligible for pension at the present time and it will be 8.6 years before half of them are eligible. May I also point out that 26 per cent (520) of these Veterans saw service in His Majesty's Imperial Army of which 91 per cent (473) came to Canada since 1919 and consequently are further debarred to residence requirements.

The rehabilitation of the Dual Service Veteran is a big problem.

APPENDIX B

ARMY AND NAVY VETERANS IN CANADA

DOMINION HEADQUARTERS

Ottawa, Ontario

April 15, 1946.

War Veterans Allowance

1. (A) That veterans who served in the Imperial Forces in World War I and in the Canadian Forces in World War II:

(B) That the Canadian and Imperial Veterans who served in World War I:

(C) That Imperial Veterans who have been domiciled for over twenty years in Canada:

Be granted War Veterans Allowance and hospitalization.

2. That service in the Pacific Coast Militia Rangers be a qualification for the Dual Service Pension. For many veterans this was the only service for which they could qualify; that these veterans gave long and arduous service, without pay, allowances or other remuneration, and that they volunteered for service anywhere.

3. That the claims of veterans of the Canadian Expeditionary Force, who only reached England, in so far as the War Veterans Allowance Act is concerned, be recognized.

4. That the Means Test, as it applies to the War Veterans Allowance recipient be abolished.

5. That the War Veterans Allowance be increased to \$50.00 and \$90.00 respectively.

APPENDIX C

THE CANADIAN LEGION OF THE BRITISH EMPIRE
SERVICE LEAGUE

DOMINION COMMAND

OTTAWA, CANADA

March 15, 1946.

W. A. TUCKER, Esq., M.P.,
Chairman,
Parliamentary Committee on Veterans Affairs,
OTTAWA.

DEAR MR. TUCKER,—With the resumption of the sittings of the Parliamentary Committee on Veterans Affairs approaching, the Legion would like to amplify the representations made last session respecting a proposal for a Deceased Veterans' Dependents Bill and for certain amendments to the War Veterans' Allowance Act and Dual Service Pension legislation. I am therefore directing this letter to your attention so that if you deem it advisable the

Departmental Committee can prepare any material that may be considered desirable.

Deceased Veterans' Dependents Bill

We have based our representations largely upon the inadequacy of the rates of pension made available to widows and the additional pension available to each child, and the failure of the Government to recognize any further responsibility to its wards. While receiving dependents' allowance on behalf of the head of the household provision was made to take care of many emergencies through the Dependents' Board of Trustees. Now, when nothing of this nature is available, such ministrations are even more necessary, due to the loss of the father.

It should be a recognized principle of our national life that the families of those who have been killed or who died in the services are wards of the country and that we have a moral obligation to see that every reasonable care be taken of their interests.

As a child reaches the age when college or advanced technical training becomes desirable, he finds that financial need drives him to work—sometimes in blind alley employment. Had the father lived certain valuable educational and training privileges would have come to him as a result of his war service. It may be presumed that the utilization of these rights and opportunities would have enabled him to achieve a position where he would have had a reasonable chance of providing for the needs of his children.

The Legion urges the Government, on behalf of the people of Canada, to meet these deficiencies by making available to the children the provisions of the rehabilitation program, to which their father would have been entitled, which will meet their individual needs. This might best be done under a separate Act, with an administration that approximates that of the Dependents' Board of Trustees.

We would direct your attention to the representations made respecting children in the Legion's brief on pensions. We would like to make it clear that while we think that an increase in the children's rates should be granted, yet such a provision does not in our estimation go far enough in meeting the state's obligation to the children of a man who gave his life in his country's service.

War Veterans' Allowance and Dual Service Pension

It must now be generally recognized that dual service pension is the same thing as War Veterans' Allowance but enables the Government to pay an allowance to men who did not see service in an actual theatre of war. The Legion feels that the Government having accepted the principle of granting an allowance to men who served in Canada only, it should now extend this benefit to all men who served overseas in the First Great War and to the thousands of Imperials with dual service, who served in an actual war theatre in the first world conflict and in either the Veterans Guard or some other unit of the Armed Forces in World War II.

The Legion believes that this extension is now necessary unless the Government wishes to face a further period of employment offices clogged with aged and unemployable veterans who are unable to support themselves.

In our brief, presented last session, a proposal was made to raise the income ceiling to \$75.00 per month for a single man, and \$100.00 per month for a married man. This proposal was made in order to eliminate, as far as possible, a narrow and irritating "means test".

A declaration of poverty is a humiliating experience, yet that is what our present Act requires of those who would take advantage of War Veterans' Allowance. *The Legion proposes that income tax returns be used as criteria for the granting of the allowance. This should save a great deal of administrative expense and would entirely eliminate the "means test" approach.*

The present Act permits \$125.00 per annum from casual earnings and \$25.00 per annum from interest on investments. It is generally felt that these exemptions are inadequate, and *we propose that income from any source, within the income ceiling*, should be permitted. This would enable a small disability pensioner or a veteran in receipt of a small annuity or pension from other sources, or whose earnings do not exceed \$40.00 per month, to receive the maximum allowance under the Act.

If these recommendations are adopted the result will be the elimination of the present discriminations among veterans who served overseas. In addition, the raising of the income ceiling and the elimination of the "means test" would make this a more gracious and kindly Act, at little additional expense to the Government. Such changes would also materially simplify the problem of rehabilitating the dual service veteran. These, together with such provisions of the rehabilitation program as he can take advantage of, would go a long way towards establishing his future security.

While presenting these views to you in advance, we desire to have this letter read into the record of the Parliamentary Committee when it meets.

Yours sincerely,

A. WALKER,
Dominion President.

PENSIONS UNDER THE MILITIA PENSION ACT.

Private to Captain C.A.S.F.—Rates of Pay and Allowances.

Rank	Daily rate of pay	Daily rate subsistence	Annual pay and allowances (Single)	Monthly married allowance	Annual married allowance	Annual pay and allowances (Married)	Monthly pension					
							15 years		20 years		25 years	
							Single	Married	Single	Married	Single	Married
Private.....	1.50	1.25	1,003.75	37.20	446.40	1,450.15	25.09	36.25	33.45	48.33	50.18	72.50
Corporal.....	1.70	1.25	1,076.75	37.20	446.40	1,523.15	26.91	38.07	35.89	50.77	53.83	76.15
Sergeant.....	2.20	1.25	1,259.25	37.20	446.40	1,705.65	31.48	42.64	41.97	56.85	62.99	85.28
S/Sgt.....	2.50	1.25	1,368.75	37.20	446.40	1,815.15	34.21	45.37	45.62	60.50	68.43	90.75
W.O. II.....	3.00	1.25	1,551.25	37.20	446.40	1,997.65	38.78	49.94	51.70	66.58	64.63	83.23
W.O. I.....	3.90	1.25	1,879.25	42.20	506.40	2,386.15	46.99	59.65	62.65	79.87	78.32	99.42
2/Lieut.....	4.25	1.70	2,171.75	47.20	566.40	2,738.15	.....	.....	72.39	91.27	90.48	114.08
Lieut.....	5.00	1.70	2,445.50	47.20	566.40	3,011.90	.....	.....	81.51	100.39	101.89	125.49
Captain.....	6.50	1.70	2,993.00	52.20	626.40	3,619.40	.....	.....	99.76	120.64	124.70	150.80

NOTE Blocked off sections under "15 years" for WO II and WO I are the Pensions payable providing confirmed rank is lower than WO II.
If confirmed in rank WO II or WO I, no pension is payable for fifteen years service.

Ottawa, Ont.
10/4/1945.

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Canada Veterans Affairs, Spec
- Cttee on, 1946

SESSION 1946

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 32

FRIDAY, JUNE 14, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs;

Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board;

Mr. R. Hale, Chief Pensions Officer, Canadian Legion of the B.E.S.L.

OTTAWA

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1946



MINUTES OF PROCEEDINGS

FRIDAY, June 14, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Baker, Belzile, Bentley, Blair, Gillis, Green, Herridge, Jutras, Langlois, Lapointe, Lennard, MacNaught, McKay, Moore, Mutch, Quelch, Sinclair (*Vancouver North*), Skey, Tucker, Winkler.

In attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board; Mr. R. Hale, Chief Pension Officer, Canadian Legion of the B.E.S.L.

The Chairman submitted a letter dated June 12, 1946, received from the Chairman of the Canadian Pension Commission relating to members of the forces discharged from the army with less than one year's service, which is printed as *Appendix "A"* to this day's minutes of evidence and proceedings.

Mr. Woods submitted information relating to recipients of war veterans' allowance who own real property.

Mr. Jutras from the subcommittee on co-operatives tabled a report which, together with the minutes of evidence heard by the subcommittee, is printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

Consideration of the draft of the proposed bill respecting allowances for war veterans and dependents was resumed.

Mr. Garneau was recalled, heard, and questioned.

Mr. Hale was recalled, questioned and retired.

Subclause (1) of clause eight was amended by the addition of the words *in excess of one hundred and twenty-five dollars per annum* after the word *recipient* in the last line thereof.

Subclause (2) of clause eight was amended by the addition of the words *in excess of two hundred and fifty dollars per annum* after the word *recipient* in the last line thereof.

The title of part three of the draft bill was amended by the addition of the word *certain* between the word *in respect of* and *other*.

Subclause (1) of clause eleven was amended by the addition of the words *in excess of one hundred and twenty-five dollars per annum* after the word *recipient* in the last line thereof.

Paragraph (b) of subclause two of clause eleven was amended by the addition of a comma after the word *veteran*, the addition of a comma and the words *or a widow* after the word *spouse* in the first line thereof, and by the substitution of the word *recipient* for the word *veteran* in the third line.

Clause twelve was amended by the deletion of subclause (2), and subclause (3) was accordingly renumbered as (2).

Clause twelve, as amended, and clause fourteen were adopted.

Clause fifteen was amended by the insertion of the word *to* between the words *made* and *and* in the fourth line thereof.

Clause fifteen, as amended, was adopted.

At 1.00 o'clock p.m., the Committee adjourned until Monday, June 17, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 14, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: I have a letter from Brigadier Melville, Chairman of the Canadian Pension Commission, giving figures asked for in regard to those who were discharged from the army for various reasons and whose service varied from less than 30 days to less than 1 year. It gives the reason for discharge and the time that those various persons served. It is a very interesting table. I do not think it would serve any useful purpose for me to read it now, but with your permission I will put it on the record.

Some Hon. MEMBERS: Agreed.

(Letter—Appendix A.)

The CHAIRMAN: Did you wish to make a statement, Mr. Woods?

Mr. WOODS: I wished to answer a question, Mr. Chairman.

The CHAIRMAN: All right, Mr. Woods.

Mr. WOODS: Mr. Chairman, this arises out of an enquiry by Mr. Green yesterday as to the percentage of war veterans' allowance recipients who owned their own homes. I am afraid that I underestimated it very badly. I thought it was from 5 per cent to 10 per cent. On returning to the office yesterday, and examining our Hollerith records where the financial circumstances are compiled from the application of the individual, I found that out of 24,806 recipients, those who stated they owned property were 7,487, or exactly 30 per cent of those who applied for war veterans' allowance. I can only say in explanation of my underestimate yesterday that during my 11 years as Chairman of the War Veterans' Allowance Board, I was impressed by the fact that we were dealing with people who were poor. Apparently it was a wrong impression, because that is the exact percentage taken from the applications.

Mr. GREEN: Are those total applications or allowances granted?

Mr. WOODS: They are applications granted, 24,806. Those are recipients. They examined the cards of the recipients. They are punched in for Hollerith purposes, and they can give information at a moment's notice.

Mr. GREEN: What is meant by owning property? How much would they have to own in order to get into that category?

Mr. WOODS: Well, the question was "Do you own property? Do you own real estate or property?" "Yes." I am not prepared to say that all the 7,487 are residing in their own homes.

Mr. GREEN: Does that question mean only real estate or does it also apply to personal property?

Mr. WOODS: No, real estate. I was specific about that. Those who own real estate were 30 per cent.

The CHAIRMAN: Thank you, Mr. Woods, Mr. Jutras, chairman of the subcommittee on co-operatives, has a report to present this morning, I believe.

Mr. JUTRAS: Mr. Chairman and gentlemen, the subcommittee of Messrs. Benidickson, Bentley, Dion, Emmerson, Jutras, Pearkes, Quelch, and Ross

appointed by the Special Committee on Veterans' Affairs on May 16, 1946, to study the question of extending the benefits of the Veterans' Land Act to those who wish to farm on a co-operative basis, reports as follows:

Hon. John H. Sturdy, Minister of Reconstruction for the province of Saskatchewan and Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, were called, heard and questioned.

Hon. Mr. J. H. Sturdy made the specific request that the V.L.A. be amended to extend to co-operatives the maximum debt free grant of \$2,320 now payable to veterans settling on Crown lands and to allow the V.L.A. administration to purchase land for co-operatives.

Whereas the co-operative farming projects are experimental ventures in the application of a new philosophy of a different social order;

Whereas the only somewhat precedent are the various religious communal groups which were formed in western Canada and that these have really been successful in agriculture on but an individual independent basis;

Whereas no basic change appears to have taken place in the philosophy of our Canadian people in regard to land ownership;

Whereas the Veterans' Land Act already provides to assist a veteran to become established as a farmer on purchased land, on mortgaged land, on provincially owned land and also as a tenant farmer;

Whereas this recommendation would mean a new departure from the general principle previously adopted by this committee and would have its repercussion over all other such measures;

Your subcommittee although it feels very sympathetic towards co-operative efforts in any part of Canada, does not feel justified at this stage to recommend a departure from the general principle of giving assistance to veterans on an individual basis and such further extension of the benefits of the Veterans' Land Act.

Respectfully submitted.

The minutes of evidence one and two are attached as appendices to the report.

(Appendix "B")

The CHAIRMAN: Thank you, Mr. Jutras. I expect that this matter of the report of the subcommittee will be discussed next week. The evidence which was printed and distributed will be available for study by the members of the committee. In order that they will be able to consider this report I hope that most of the members between now and sometime next week when we take that up, will be able to read that evidence.

Mr. LENNARD: What time next week, Mr. Chairman?

The CHAIRMAN: We were going to have Mr. Murchison's statement on Monday and then we would start considering the bill, so that I suppose we would probably reach this question on Tuesday or Thursday. It will give us time to look at that evidence. I am sure members will find it helpful.

Mr. LENNARD: If we get the report of the committee proceedings before Tuesday, yes.

Mr. JUTRAS: This evidence has already been distributed.

The CHAIRMAN: Yes. The evidence has been distributed.

Mr. BENTLEY: Mr. Chairman, the chairman of the subcommittee, Mr. Jutras, has just read a report. I want to make it clear and have it on the record that I knew nothing of that report as it is worded. I was at the meeting where the resolution was made requesting that the subcommittee recommend to this committee that the Veterans' Land Act be amended to permit veterans

to engage in cooperative farming. Where the report was made up with the "whereases" and its reference to new social orders and so on, I do not know. I have no part in it, and I want that on the record.

Mr. JUTRAS: I am sorry, Mr. Chairman, if I did not show the report to every member of the committee. I endeavoured to show it to as many as I could. We had two meetings and I simply covered the evidence that was given to the committee and the opinion of the committee. I think you will find from a study of the evidence and the minutes of the two meetings that I have endeavoured to give a fair interpretation of the general opinion of the committee. I think you will see from the minutes that is so. I am sorry I did not show the report to Mr. Bentley. I meant to. I showed it to a few others, but it was just an oversight that I did not show it to him.

Mr. GREEN: Mr. Chairman, should not the report itself have been considered by the subcommittee in a formal session before it was brought back here?

Mr. JUTRAS: Well, you know how it is to try to hold subcommittee meetings at the present time. There are a great many committee meetings, let alone subcommittee meetings. It is very hard to get the groups together. I did ask the subcommittee, when we broke up after the second meeting, if it was their wish that I should report to the committee and I understood that it was the opinion of the committee that I should do so. So I drafted a report. There were two meetings and I so reported. I understood it was the wish of the meeting, because I did put the question up to the second meeting of the subcommittee before drafting the report.

The CHAIRMAN: The evidence has been distributed to the members of our committee; but in view of the fact that the report of the subcommittee will appear now in our proceedings, I suppose it would be in order to have the evidence of that subcommittee embodied in our proceedings as an appendix and be available for general distribution. Is that satisfactory?

Mr. JUTRAS: Just to make that quite clear, I have here the minutes of the second meeting and I did close up by saying,—

Gentlemen, that is the only point before the chair tonight. Do you wish me to report this decision of the committee to the main committee?

Some Hon. MEMBERS: Agreed.

Then we adjourned.

Mr. GREEN: Of course, there is quite a lot of controversial matter in your report, the way it is worded. I think that report should have been considered by the whole subcommittee so that those who were opposed to some of those statements could have had the opportunity to try to get them altered.

Mr. JUTRAS: As I said before, I merely summed up what is contained in the evidence. It is not up to me to change the evidence. I think, if you will read the evidence of the two subcommittee meetings, you will find that it is a fair interpretation of what is contained in it.

Mr. BENTLEY: Mr. Chairman, I have to take exception to that. When the committee reads the evidence they, of course, will put their own interpretation on it. I submit that the interpretation put on that would not be my interpretation, as the report came out. Therefore I have no responsibility in it because I knew nothing about it.

The CHAIRMAN: You have gone on record, Mr. Bentley; and of course the matter will have to be decided by this committee anyway. I do not think there would be anything gained by referring the matter back. You have gone on record; and if any other member of the subcommittee is not satisfied, he can also go on the record. This is just a subcommittee of our committee to study the

matter and report to us. I would suggest that as the report has been received we now have the minutes referred to embodied as an appendix to our proceedings of today. Is that satisfactory?

Mr. GILLIS: What I should like to find out is this. This subcommittee was appointed for the purpose of studying the question as to the advisability of extending the land settlement Act to include cooperative ventures. That was their job. They met with the Minister of Reconstruction for Saskatchewan and he gave them certain evidence. The subcommittee was supposed to compile a report based on that evidence. All of the members of the committee were not consulted as to what their interpretation may have been of the evidence submitted. What I am concerned about is that I do not like the wording of that report. The subcommittee has presented that report to the main committee. Are we going to discuss that subcommittee's report now and either say that it is all right or all wrong? Are we going to make a decision as to the subcommittee's report on the question of expanding the land settlement Act? If we are then I think considerable discussion is necessary because I do not like some parts of it. I do not like where the chairman interprets the evidence given as meaning that that change in the Act would be in effect a new social order. We fought this war for a new social order and he does not think it is good business to expand the Act. If you are not going to make any changes in legislation that has proven inadequate in the past—and if it was not inadequate in the past we would not be here discussing it—if we are going to take the position we are not going to make any changes, if we are not going to go forward but are going to stay under the old machine as it was, then we are wasting time. I do not think that the chairman of the subcommittee should have put that in his report. If that report is going to be accepted by us then as far as I am concerned I want a lot of discussion. I should like to ask you, Mr. Chairman, whether we are going to adopt that report of the subcommittee?

The CHAIRMAN: What I had in mind was—

Mr. JUTRAS: Just to clear up a point, I want to make it perfectly clear there is no wording saying we are opposed to a new social order. I think if you read the report you will find there is nothing that indicates that the subcommittee was opposed to any new social order.

Mr. GILLIS: Just listening to you read it that is the impression that I got, and I think that anyone reading the report in the record will get the same impression.

The CHAIRMAN: It is a matter for the committee to say, but as to the procedure in this matter the subcommittee have taken evidence, and at my suggestion the evidence was printed. It was accepted by the committee that it should be printed. Then they made their report. It is tabled for whatever guidance the committee want to take from it but, of course, it is for this committee to decide what we will actually do in the matter. It will come on for discussion when we have the actual Veteran Land Act amendments before us which I thought would probably be Tuesday or Thursday. Is that satisfactory?

Mr. GILLIS: If we are not going to make a decision this morning that is o.k.

The CHAIRMAN: Is that carried? (Carried).

Then the evidence will appear as an appendix to our proceedings, but it has already been distributed to the members of the committee. Before we proceed is there anything else that anyone wishes to bring up? Then I will ask Colonel Garneau to answer some questions on which he has prepared data.

Colonel J. C. G. Garneau, Chairman, War Veterans Allowance Board, recalled.

The WITNESS: Mr. Chairman and gentlemen: During the meeting of this committee on June 11 you asked how many of the 275,000 veterans who did not see service on the continent in the last war were eligible for war veterans allowance by virtue of the fact they are pensioners. The number at March 31, 1945—I have not got it to 1946 but I am getting that—was 8,760. This was based on the annual report of the Canadian Pension Commission.

In connection with the submission of Captain Herbison you also asked for an estimate of the possible number of veterans eligible under the dual service pension order. We find that 589,225 veterans served in Canada during World War II. Out of a total of 138,435 cases reviewed by the Canadian Pension Commission 8,141 served in World War I also and were non-pensioners, or a percentage of 5.88. 1,690 served in World War I and are pensioners. Using those figures as a basis we find 34,650 veterans who served during World War I and World War II and were non-pensioners. This would appear to be the potential field of eligibles under the dual service pension.

As regards the submission from the Canadian Legion may I state that if the income ceiling is raised as recommended in the proposed bill 24,751 veterans of the Northwest Field Force, South African War, World War I and World War II would be affected, and the estimated increased expenditure for those would be \$3,499,869.52; 132 recipients under the dual service pension order would also call for an increase in expenditure of \$3,861.20; and 2,958 widows would also be eligible for an increase in payment of \$78,505 or an overall total of these three groups of \$3,582,235.72.

If veterans who served in Canada and England only in World War I are admitted to the benefits of the Act it would affect 8,937 veterans involving an additional expenditure of \$3,811,809.24. 376 widows of the above would be eligible at an additional cost of \$145,372.88.

If veterans with service in Canada only who are now ineligible are admitted under the War Veterans Allowance Act this would involve 21,882 veterans at a cost of \$9,333,110.64, and their widows to the number of 920 might benefit at an additional cost of \$355,699.60.

By Mr. Green:

Q. Are those figures in connection with the dual service pension?—A. No, they are based on the recommendations of the Canadian Legion and also as regards the proposed increase of the ceiling in our bill.

Q. The Canadian Legion did not suggest men with service only in Canada should be included?—A. No, but I am giving these figures as a matter of record.

By the Chairman:

Q. That only refers to World War I?—A. World War I. These are based on the figures for World War I. If Imperial veterans who have resided in Canada prior to the 1st of September, 1930, were admitted under the Act it would appear to affect 4,639 veterans and 185 widows at a cost of \$1,978,626.28 and \$71,526.55 respectively.

By Mr. Green:

Q. Does that mean Imperials who had service in a theatre of actual war?—A. Yes, it does.

By the Chairman:

Q. Just on that point, the Imperial, of course, would have service in England. Then you feel there are only 4,689—A. 4,639.

Q. Imperial veterans who would be affected by the extension of this?—
A. That was based on the figures that were put on the record on May 2 following the submission of Mr. Stephen Jones, if you remember. I will read from this.

As the War Veterans Allowance Act now stands, 15 per cent of potentially eligible veterans have been admitted to the benefits of the Act. We find that figure fairly consistent. If this percentage is applied to the above figure of 30,929, it would amount to 4,639 applicants admitted to the benefits of the Act.

That is how we arrived at those figures.

By Mr. Green:

Q. That is based on the qualifications for allowance such as they are at the present time for Canadians?—A. Yes, and on the Act as it now stands.

Q. You figure there would only be about 4,639 ex-Imperials who would be eligible?—A. That is as closely as we can estimate on the basis of the figures that were given us because some of them may not be in necessitous circumstances and may not need to apply. There are all kinds of factors. They may not qualify as they are not 60 years of age. All those factors may come in.

Q. That is your best estimate of the number that would get the allowance if the Act was extended to cover Imperials?—A. Yes.

By the Chairman:

Q. If the Act was extended to cover service in Great Britain it would cover every Imperial practically because of the fact he naturally would enlist in England?—A. Yes.

Q. Then your difficulty would be how would that affect your attitude towards those who enlisted and served only in Canada? If you gave the war veterans allowance to those who enlisted in England and did not get out of England what would be the effect on Canadians who enlisted in Canada and did not get out of Canada? Do you think you would be in any difficulty in regard to their attitude?—A. I am afraid we would. I am speaking more or less privately and not expressing any concerted opinion but I would think personally if we were to admit Imperial veterans we should define a theatre of actual war in their case the same as for the Canadians. We expect Canadians to go at least to England to qualify in a theatre of actual war under our Pension Act at the present time. We would naturally have to establish a definition for service of ex-Imperials out of England somewhere.

By Mr. Green:

Q. As I understood the recommendation of the Legion yesterday it was that the War Veterans Allowance Act be extended to cover all Canadians who served outside of Canada?—A. Yes.

Q. And to cover Imperials who served in a theatre of actual war? Is that not the effect of it?

The CHAIRMAN: Of course, I am not clear whether they meant to have the same law apply to the Imperials in which event if they served in England then they would be covered. My difficulty is if you say that an Englishman or Scotchman who enlists in England or Scotland and never gets out of the country will get the war veterans allowance and you say you will not give it to the Canadian who did the same it seems to me you are running into trouble.

The WITNESS: It would be unfair to our own nationals.

Mr. GREEN: I do not believe there has ever been a suggestion made about Imperials who did not get out of England.

The CHAIRMAN: Yes, but they suggest two things. I am sorry I did not think about it until afterwards. They suggest that service in England should count as service in a theatre of actual war. Then every Imperial is ipso facto admitted. Then you have got the situation that the Imperial who served in the place where he enlisted and did not get out of it would get the war veterans allowance.

Mr. GREEN: I wonder if we could find out just what they meant.

The CHAIRMAN: I am sorry. I thought of this afterwards and I was wondering if they had considered that factor. They are still in town and perhaps we could have them here.

Mr. GREEN: We could hear from Mr. Hale, who is here.

The CHAIRMAN: Mr. Hale, would you be prepared to explain just what they had in mind?

Mr. R. HALE: Mr. Chairman and gentlemen, there is no doubt what the Legion intended. They intended that so far as the Imperial veteran was concerned, only those who served in an actual theatre of war would be eligible. There was never any intention to cover those who did not serve in a theatre of actual war.

The CHAIRMAN: But if we define England as a theatre of actual war, they will say a man who served in World War I should be put in the same position as a man who served in World War II. In World War II England is an actual theatre of war. But once you make England a theatre of actual war and say the Imperial is included, it seems to me that the Imperial who served in England only would be brought in. How can you exclude him if you give it to the Canadian and then say you are going to treat the Imperial the same as long as he was domiciled in Canada before 1st July, 1930? I am sorry I did not bring this up yesterday. I thought of it afterwards. I wondered if they had considered that situation.

Mr. HALE: Mr. Chairman, they did not perhaps consider it particularly on those grounds, but the general principle of the Legion recommendation for Imperials has been consistently the same. They contemplated only those who served in a theatre of actual war. I grant you that what you say is correct; if you made England a theatre of war, it would seem that you would have to be consistent and include the Imperials who served in Great Britain. But it does not necessarily follow, because you are granting a very special privilege if you admit Imperial veterans to the benefits of our War Veterans' Allowance Act. Therefore you would have a perfect right to set out the conditions under which they could qualify.

The CHAIRMAN: Yes. Your organization did not suggest that. That is the difficulty. They have been studying this thing and they are making a submission to our committee, but they have left us without anything to go on.

Mr. GREEN: I think that is hardly right, Mr. Chairman; they made a submission last October. I have it here. At page 19 here is what they say.

The CHAIRMAN: They say the same basis as Canadian veterans.

Mr. GREEN: That is the way it was worded yesterday.

The CHAIRMAN: Yes. That was their last word, I thought.

Mr. GREEN: If you look at page 19 of their brief of last October they say:—

Summarizing the effect of the veterans' legislation to which we have just referred, the following are excluded from the benefit of the provisions:

- (a) Men who have served in the Imperial forces in the South African War but were not domiciled in Canada prior to such service although they have lived in Canada up to 45 years.

- (b) Men who have served in the Imperial forces in the first great war but were not domiciled in Canada prior to such service although they have lived in Canada up to 25 years.
- (c) Men who served in a theatre of actual war in the Imperial forces during the first great war and have served in the Canadian forces in the present war within the western hemisphere.
- (d) Widows and dependent children of these men are also excluded from benefits.

Prior to that they set out, on the two pages preceding, their whole submission with regard to the extension of the war veterans' allowance to Imperial ex-servicemen. I think you will see that the intent there was to cover just the same group as are covered under the Act at present in the case of men in the Canadian forces.

The CHAIRMAN: Yes.

Mr. GREEN: I think that confusion has arisen due to the fact that they are now asking that the Canadians who served overseas should be included.

The CHAIRMAN: Yes.

Mr. GREEN: I believe it is the first time they have asked for that and they have not made it clear that they do not also include Imperials who served only in England. I think that is the picture, is it not, Mr. Hale?

Mr. HALE: Yes, that is correct; because when the recommendation was made it was not contemplated that the Act would be changed in so far as theatre of war in World War I is concerned.

Mr. GREEN: You could not very well change the Act now, if you say that in the first great war Great Britain was a theatre of war. What you would have to do would be to bring in some special provision for Canadians who only got to England rather than changing the whole definition of theatre of war, I should think.

The CHAIRMAN: Our difficulty is that the Imperial would say, "Well, I served alongside Canadians in England and why should not I get the same consideration?" Just the same as they say today.

Mr. GREEN: I do not think anybody has put forward that claim.

Mr. HERRIDGE: I do not think so, Mr. Chairman. I think the chairman's submission or recommendation that we would have to define theatre of actual war is sound, because Canadians proceeded overseas subject to being torpedoed and left their own country.

The CHAIRMAN: If we did it, we would have to. Otherwise we would be in a strange position.

Mr. HERRIDGE: Oh, yes.

The CHAIRMAN: We would have to make a different definition in regard to Imperial veterans from that of Canadians.

Mr. QUELCH: How does the legislation in Great Britain deal with Imperials? Does it say that they have to serve outside of Britain to obtain certain benefits?

The CHAIRMAN: I do not think they have anything like the War Veterans' Allowance Act at all.

Mr. QUELCH: I was speaking with regard to other measures. I suppose they have to serve outside of Britain in order to get certain benefits, in the same way that Canadians have to serve outside of Canada.

The CHAIRMAN: I do not think so. If a man is in the British Army I do not think it matters where he serves.

Mr. QUELCH: In the first war?

The CHAIRMAN: I do not know about that, but I am inclined to think so.

Mr. QUELCH: Because this refers to the first war.

The CHAIRMAN: I think you will find they do not try to draw the distinction that we draw.

Mr. QUELCH: I think it would be a simple matter to make those benefits available to the Imperials provided they served outside of Britain in an actual theatre of war. I cannot see any difficulty in writing that into the provision.

The CHAIRMAN: There is just one other clause and then Colonel Garneau's statement is completed.

Mr. GREEN: There is one other point in this connection. Colonel Garneau said there were 8,000 Canadian pensioners who did not serve in a theatre of war. Can he say how many of those served in England and how many had service only in Canada?

The CHAIRMAN: I think that was those who served only in England.

Mr. GREEN: That was in the very first paragraph.

The WITNESS: 8,141 served in World War I and were non-pensioners, or 5.88 per cent. Is that what you are alluding to?

By Mr. Green:

Q. Were pensioners or what?—A. Were non-pensioners. That is, it is presumed that they served in England only. That was established as it might affect the dual service pension order. So that would preclude any service in a theatre of actual war, because a chap who served in a theatre of actual war would be eligible to the straight war veterans' allowance as the Act now stands.

Q. I was not here on Tuesday, but at page 877 of the committee's proceedings you said that there are 80,000 Canadians who served outside of Canada but not in a theatre of actual war. Of that figure how many are pensioners and therefore eligible for war veterans' allowance now?—A. I think that I covered that here about the pensioners.

Q. 80,000?—A. 80,000? I do not recall that.

Q. At page 877 of the proceedings I find the following:—

Q. Yes. You might give the figures on the Canadians who did not get beyond England, and then the others.—A. Veterans with service in Canada only, 195,000.

Q. That is in the first great war?—A. Yes. Veterans with service in Canada and England, an additional 80,000, forming a total of 275,000 who did not see service on the continent in the last war.

A. Yes.

Q. I am asking how many of that 80,000 are pensioners and therefore eligible for war veterans' allowance as the Act reads at the present time?—A. I am afraid I could not answer that just offhand. I would sooner, if you would permit me to do so, check it.

Mr. WOODS: That would be in the annual report of the Canadian Pension Commission. I think it runs around 10 per cent or 11 per cent.

Mr. GREEN: 10 per cent or 11 per cent; so there would be only about 70,000 Canadians?

Mr. WOODS: Yes.

Mr. GREEN: Who would become eligible if the Act were amended to provide for service outside of Canada?

Mr. WOODS: I think that is a safe computation.

Mr. GREEN: Is that correct?

Mr. WOOD: I would think so.

The WITNESS: I mention 8,760 who served in Canada and England.

Mr. WOODS: That would be about 10 per cent.

The WITNESS: Yes, 8,760 would be covered.

The CHAIRMAN: I just wondered about this, Colonel Garneau. A lot of these veterans are now getting old age pension. Is that taken into account at all in figuring what the cost would be? A lot of these men are now getting old age pension. Of course if they get the war veterans allowance they would not get the old age pension.

The WITNESS: They could not receive the old age pension and the war veterans' allowance.

The CHAIRMAN: No, they could not receive the old age pension and the war veterans' allowance. So the government would be paying the war veterans' allowance but they would not be paying the old age pension. I am sure the committee and everybody would want to know just what it would cost the country to make these changes, taking into account what we save on old age pensions which we are going to pay anyway.

Mr. GREEN: We pay 75 per cent of the old age pension, so there is only a difference of 25 per cent.

The WITNESS: I would venture to say there would not be a very great number of them receiving old age pensions; when they have the choice of both, they always apply for war veterans' allowance.

Mr. GREEN: No. These are men who cannot get the war veterans' allowance as the Act reads at the present time.

The WITNESS: To get the old age pension they would have to be 70 years of age; they would be eligible at 60 under the War Veterans' Allowance Act.

The CHAIRMAN: What we are getting at is this, Colonel Garneau. We wanted a statement as to what it would cost, for example, to pay war veterans' allowances to those who saw service only in England. Of course, there are doubtless in those figures a lot of old age pensioners now who, because they did not get beyond England in the first war, are not getting the war veterans' allowance. As soon as they get to the age of 70, if they are in necessitous circumstances, they will be getting the old age pension. In the course of the next 10 years all of those who are presently 60 years of age will go into the old age pension class. So that to have a broad picture, we should take that into consideration.

The WITNESS: I will endeavour to get some estimate on that point, Mr. Chairman.

By Mr. Green:

Q. It is pretty hard to get the figures, I would think.—A. Yes.

By the Chairman:

Q. We should like the closest estimate you can get. I think what the committee would want, Colonel Garneau, would be that you take the recommendation of the Legion that you treat people in World War I the same as in World War II in regard to war veterans' allowance; that is, service beyond Canada should count as service in a theatre of war.—A. It does not at the present time.

Q. I know. But suppose that were adopted, what would it involve? We want to know the amount involved, taking into account the fact that we now pay 75 per cent of the old age pension. That is the first thing. We should like to have the best estimate you can get. The next thing that the committee would be interested in, I think, would be this. If the Imperials were admitted, as suggested by the Legion, on the basis of the present law, what would it mean?

In other words, they would have to go outside of England. The committee would like to know what that would cost, bearing in mind the old age pension feature of that too.—A. Yes.

Q. Those are the two things that the Legion I think really have intended to advocate, and I think the committee would like to know just what would be involved in them.

Mr. HERRIDGE: Mr. Chairman, just a point in connection with these Imperial veterans who served only in England. What do you think of this suggestion from the point of view of the Imperials and the public—and there is some logic and reason to our interpretation of that principle—that, in so far as the Imperial veterans are concerned we say that the British definition of theatre of actual war shall apply.

The CHAIRMAN: I do not know if they have one.

Mr. GREEN: Mr. Woods would know.

The CHAIRMAN: Do you know if the British have such a thing as a definition of theatre of actual war, Mr. Woods?

Mr. WOODS: For certain benefits they do. Of course, they have no legislation comparable to our War Veterans' Allowance Act; but there are certain benefits that are available to those who served out of the country.

Mr. HERRIDGE: Yes, I thought so.

Mr. GREEN: What are they?

Mr. WOODS: I am not sure.

Mr. HERRIDGE: I am suggesting that it might be reasonable to apply that definition to the Imperials.

Mr. WOODS: If the principle was agreed upon, it would not be difficult to provide a stipulation in the case of Imperials that they must have served outside the country. I do not think there would be any technical difficulty.

The CHAIRMAN: Will you complete your answer so you will have it on the record, Colonel Garneau?

The WITNESS: Yes. To complete the statement that was given a little while ago, the figures for the four groups mentioned in the statement involve an additional annual expenditure under the Act of \$19,278,380.90.

By Mr. Green:

Q. How much of that, Colonel Garneau, is for men with service only in Canada? There has been no suggestion, as I understand it, from anybody that the Act should be extended to cover them.—A. I think I gave that in the body of the statement. If veterans with service in Canada only who are now ineligible are given the benefits of the Act, that would affect 21,882 veterans, involving an expenditure of \$9,333,110.64.

Q. What about widows?—A. And 920 widows which would call for an additional expenditure of \$355,699.60, according to our estimate.

By the Chairman:

Q. So that the total expenditure for those who saw service only in Canada would be roughly \$10,000,000. Is that correct?—A. Roughly, yes; those who have not seen service outside of Canada.

Q. But that does not take into account the old age pension?—A. No.

Mr. HERRIDGE: They are quite a factor, Mr. Chairman. I know of several who are getting the old age pension, who would immediately transfer.

The CHAIRMAN: Yes. There were two in my constituency who saw service only in England. I know one of them finally arrived at the age required to get

the old age pension but the other is not there yet. So there was 50 per cent in my case. Colonel Garneau will get this further information. Is there anything else that any members of the committee would like in the way of information from Colonel Garneau that he will try to submit as soon as we take this Act up again, because he is going to have about 10 days to get information that we want.

Mr. QUELCH: Is he going to find out what it would cost to fulfil the suggestions in the recommendation of the Legion No. 1?

The CHAIRMAN: That is, as submitted yesterday?

Mr. QUELCH: Yes, to bring up the total income.

The CHAIRMAN: Yes. Would you prepare that information, Colonel Garneau, to carry out submission No. 1?

The WITNESS: About the 100 per cent pension?

The CHAIRMAN: To bring it up to 100 per cent pension.

The WITNESS: That has already been asked for and as soon as I get the figures I will present them to the committee.

The CHAIRMAN: Is there anything else?

Mr. GREEN: Is there any way of arriving at what it would cost if the exemptions for income from savings were increased? As I understand it, it is now only \$25 a year.

The CHAIRMAN: That was a thought. Suppose you increased that to, say, \$50 in the case of a married man so as to give him \$1,000 for himself and \$1,000 for his wife; suppose you at least went that far. That was the thought.

Mr. GREEN: That surely would not cost very much.

By the Chairman:

Q. Could you look into that, Colonel Garneau? You make no difference in regard to the nest-egg that you allow a single man as compared with a married man; and the married man should be left with seemingly more of a nest-egg to fall back on than the single man.—A. At present we take into account the savings of the married couple, whether they belong to the wife or belong to the husband, having in mind whether they are in necessity or not. If you increase the exemption amount say to \$50, that would be presumed to be an income from savings of \$2,000.

By Mr. Green:

Q. You figure it at the rate of $2\frac{1}{2}$ per cent?—A. $2\frac{1}{2}$ per cent, on the average basis of interest on the victory loans. Then the question would arise, would that couple be in such a state of necessity as to warrant the award of war veterans' allowance from public funds?

Q. If you raise the allowed income from savings to \$50, it would only mean that a man can have a nest-egg of \$2,000 instead of \$1,000 as at present.—A. Yes. I do not know what the intention would be then as regards the yardstick of necessity, so to speak.

Q. Would not that very fact, that you increased the figure from \$25 to \$50, constitute an instruction from parliament that you allow a man to have savings of \$2,000?

The CHAIRMAN: In the case of a married man.

Mr. WOODS: Establish a standard.

Mr. GREEN: Establish a standard, yes.

The CHAIRMAN: In the case of a married man, it seems to me there must be cases in the city where a man has great difficulty in finding a home for himself, and there is another thought. You say to him, "If you get it invested in a

home, it is okay." Where it is quite clear that he has not got a home you might have an alternative and permit him to have \$50; where he has not got a home, where he is married, where he has got no property at all, you might give a little bit more leeway in the case of income from investments.

Mr. GREEN: I think you will find in most cases in the cities the recipient of war veterans' allowance has not got a home. I think most of the cases where they own their own homes are in the country where homes are far cheaper; where you can get a much cheaper home than you can get in the city.

The CHAIRMAN: Yes. I am satisfied, from the figures given this morning, that when I said 25 to 30 per cent I was putting it very low. I am satisfied that in Saskatchewan a bigger proportion than that own their own homes. It seems to me we would be quite in order in giving a break to the person who is not able to own his own home, because today we let him have both his own home and \$25 from fixed income. That certainly gives a fairly good position to the man who is able to own his own home. But we might give a little more leeway to the man who cannot, in the way of fixed income; because certainly where he cannot own his own home, then the right to own it is not of great advantage to him.

Mr. GREEN: Actually in the city, if a man had a \$4,000 home and had to pay taxes on it out of his war veterans allowance, he would be right out of luck.

Mr. WOODS: On the other hand, he could easily offset that by letting one or two rooms.

Mr. GREEN: Then you have the War Veterans' Allowance Board deducting from him what he received for the rent of rooms.

Mr. WOODS: They exempt money paid out on taxation and on a mortgage.

Mr. BENTLEY: What is that?

Mr. WOODS: They exempt moneys paid out for taxes or on a mortgage, in assessing the revenue from rents.

The CHAIRMAN: They exempt overhead.

Mr. GREEN: He would pretty well have to have two or three roomers.

Mr. WOODS: It depends on what the taxes were.

The CHAIRMAN: What I should like you to look into, Colonel Garneau, is if you change that to \$25 for a single man or \$50 in the case of a married man, or in the case of a man who owns no real property, just what would be involved. It would give the fellow with no property at all a chance to have a little bit of a nest-egg.

Mr. McKAY: How much property do you stipulate?

The CHAIRMAN: It is in the Act already. He can own property worth \$4,000; a home worth \$4,000.

The WITNESS: That is in the proposed bill.

The CHAIRMAN: Yes, that is in the proposed bill.

Mr. QUELCH: Under what section of the proposed bill do you find the statement providing for \$25?

The CHAIRMAN: That is in section 13, as I remember it.

The WITNESS: In the exemptions.

The CHAIRMAN: Section 13 sets out what is not to be considered as income.

Mr. QUELCH: What clause is that? I cannot find \$25.

The CHAIRMAN: It sets it out there in section 26. The committee I think will remember that is the helplessness allowance. Is not that right, Mr. Woods?

Mr. WOODS: Yes.

The CHAIRMAN: Section 26 of the Pension Act; so if a man is helpless and gets the helplessness allowance, that does not count.

Mr. GREEN: Where is that?

Mr. QUELCH: There is no mention of \$25 in section 13.

The WITNESS: Yes, on page 8, on the other side of the page, (j).

Mr. QUELCH: Oh, I see.

Mr. GREEN: Would it not be wiser to put right in the Act that the man can have savings up to a certain figure, rather than only saying that income up to \$25 a year is exempt where it comes from investment?

The CHAIRMAN: It might be put in the part where he can have a home or savings, or it might be better to have it separate.

Mr. GREEN: I would not tie it up with the home. I am just wondering whether it would not be wiser to have it say in the Act that a man is allowed to have savings up to so much.

The WITNESS: Liquid assets.

Mr. GREEN: The way the Act works now, the man who has spent 25 or 35 years in saving when he applies for the allowance is told, "You have got to spend everything you have got until you have only \$1,000 left; otherwise you cannot get the full allowance."

Mr. WOODS: The practice under the Old Age Pension Act is to apply the annuity value to your cash assets.

The CHAIRMAN: Do you do that?

Mr. WOODS: If you have \$2,000, they figure what amount of annuity you can buy for that amount of money and that is regarded as income.

Mr. GREEN: That would not be any good in this case because the ages are different under the War Veterans' Allowance Act. In any event, the man would be 10 years younger than if he were getting the old age pension. He might be 20 years younger, and an annuity would cost that much more.

Mr. WOODS: That would redound to the advantage of the veteran, because your annual annuity would be that much less if you were younger. If you buy a life annuity at the age of 40, it would be less than at the age of 50.

Mr. GREEN: Yes. I am taking it the wrong way.

Mr. WOODS: Yes, it is reversed.

Mr. GREEN: I am all for it, then.

The CHAIRMAN: Yes. If he was 50 years of age, his \$1,000 would not buy a very big annuity and would not cut down his allowance very much. Is that the way you have done in the war veterans' allowance?

The WITNESS: We have been doing that in some cases.

The CHAIRMAN: I see. I wonder if we could consider a few more sections of the bill. We said we would let section 7 stand. Section 8 provides a maximum allowance for the widow, and there is a correction which we should put on record here. There is a little error in preparing this, and I will just read the correction to the committee. It should read as follows:—

8. (1). The maximum allowance payable in any year to a widow without child or children shall be three hundred and sixty-five dollars less the amount of any income of the recipient in excess of one hundred and twenty-five dollars per annum.

(2) The maximum allowance payable in any year to a widow with a child or children shall be seven hundred and thirty dollars less the amount of any income of the recipient in excess of two hundred and fifty dollars per annum.

Substitute that, gentlemen, in place of what you have in the proposed bill. That was an omission. That brings it in line with section 6. Do you want that to stand the same as section 6?

Mr. GREEN: The Dominion Council of the Canadian Non-pensioned Veterans Widows presented a brief here. It is reported in our proceedings, volume II, of March 28. I wonder if Colonel Garneau could tell us how these requests have been met by the Act as it will be amended. For example, the first one asks for the allowance to be raised to \$40 per month—

and that this amendment apply to all non-pensioned widows whose husbands served in any of His Majesty's Canadian armed forces whether in an actual theatre of war or otherwise.

Mr. WOODS: It was raised to \$30.

Mr. GREEN: Of course, there is no extension of the groups that are covered. The next is:—

That legislation relative to war widows, under the War Veterans Allowance Act, be made permanent.

The third reads:—

Whereas hostilities now have ceased, many veterans' widows between the ages of 45 and 54 years, who have been employed during the war years, now find themselves unemployed and unemployable. We ask that the age limit be removed.

What will the new bill provide along that line?

Mr. BENTLEY: From what are you reading?

Mr. GREEN: The brief they submitted.

Mr. WOODS: It is payable at the present time if she is unemployable regardless of her age.

The WITNESS: The same as for the veteran.

Mr. GREEN: They do not have the same wording for the widow as they have for the veteran.

The CHAIRMAN: Yes, in the proposed bill.

The WITNESS: It is brought in line there.

Mr. GREEN: It is under 7(2) (a) (2).

Has not attained the age of 55 years, but is, in the opinion of the Board, so incapacitated by mental or physical disability as to be incapable and likely to continue to be incapable of maintaining herself.

Up above in section 5 of the bill, subsection 3, there are also the words:—

Because of economic handicaps combined with physical or mental disability or insufficiency.

Why do you not use the same wording for the widows as you do for the veterans? It is wider for the veteran than it is for the widow.

The WITNESS: That can be changed.

The CHAIRMAN: There really was no intention to have it different.

The WITNESS: The definition in part 2 was taken out of the order in council, I believe. It was just transferred from the order in council to the bill.

By Mr. Green:

Q. But the intention is they shall be the same?—A. We actually deal with them on the same basis at present, and have right along.

Q. It should be in the Act. The next one is:—

That son or daughter of a veteran, irrespective of age, who is so incapacitated by physical or mental disability as to be incapable and not likely to become capable of earning a livelihood, be eligible for orphans allowance.

The CHAIRMAN: That is in the bill.

Mr. GREEN: The next is:—

Whereas we recommend that an amendment to the War Veterans Allowance Act be made whereby all veterans and widows, in receipt of allowance, receive free hospitalization under the Department of Veterans Affairs.

Mr. WOODS: At present the widow is not eligible for treatment.

Mr. GREEN: Widows get no hospital treatment.

The CHAIRMAN: In regard to that other clause, of course, it is only payable to the widow if there is a child who is over 21 and incapable. It is section 18, subsection 2.

Mr. WOODS: The question of hospitalization is not in the War Veterans Allowance Act. It is in the treatment regulations of the department and at present they are restricted to veterans.

Mr. GREEN: Then the widow gets no hospitalization now?

Mr. WOODS: No, she is not a veteran.

The CHAIRMAN: I do not want to have it wrong on the record. It is accepted to this extent that if a person is trying to keep a home together with a crippled child, as soon as the child reaches 21 the war veterans allowance under the proposed bill does not stop in respect of that child. In other words, the idea is to keep the home together, but in respect of an orphan as such the allowance ends when it reaches 21 years of age. In other words, the basis of the proposed bill is to assist first in keeping the home together, and the allowance is continued even after the child is 21, but it does not apply to the case of the orphan as such.

By Mr. Green:

Q. What happens in the case of an orphan?—A. An orphan after the age of 21 would be on his own naturally—you mean a crippled orphan?

Q. Yes, incapacitated.—A. I presume that an incapacitated orphan would then be the responsibility of the province or municipality in which he resided. If the allowance was continued to an orphan who was crippled, he might live a good number of years and it would in effect create a life pension for such an orphan who had ceased to be child as such, so it is really a matter of government policy, whatever parliament decides in that case as regards the orphan. The idea as stated by the chairman was to keep the widowed veteran or widow with a crippled or incapacitated child with the child and not be forced to put it into an institution because the amount he would be receiving at the single rate would not otherwise be sufficient to care for that child and it would be a burden. After he or she died—

Q. You mean after the widower died?—A. Yes. The child then becomes a straight orphan, and the allowance would cease under the proposed clause in the bill.

Mr. BLAIR: Where does this all tie up in the province of Ontario where you have the soldiers aid commission and all orphan children are wards of the province?

The CHAIRMAN: In that case I suppose that the child would be looked after. I think that is the idea in counting orphans as such who are past the age of 21 and are unable to look after themselves through physical incapacity. It is not

just because they happen to be the child of somebody who served in a war. They should really be looked after as such as being people unable to look after themselves.

Mr. BLAIR: In the province of Ontario I think it was in 1915 that all orphan children became wards of the province if they were orphans of returned soldiers, and I think that commission is still in existence.

The CHAIRMAN: I suppose they would supplement what they got under this Act but the basis of the change in the bill was this, that representations were being made where a widow or widower had a crippled child. The child reaches 21 years of age, and immediately under the old setup the allowance was cut back to the amount of a single person. The widow or widower, of course, hated to see the child go as it was not able to look after itself. The suggestion was made, "we'll continue this while the widow or widower lives so that the home can be kept together. Pay the same amount regardless of the orphan reaching 21", but where both parents are dead then the idea is that if the allowance is paid in respect of that orphan up to 21 years of age after that it is a matter that should be looked after by the province. That is the basis of the bill at the present time. I think it is fairly sound myself. It is to prevent the home being broken up when the widow or widower is trying to keep the crippled child past 21 years of age. I think that is a very fine thing and it has been accepted.

Mr. GREEN: Then their next suggestion is:—

Be it also resolved that representatives of the Non-Pensioned Widows Associations be called before the War Veterans Allowance Board, at their discretion, to discuss problems appertaining to the widow.

That is a matter of administration. Perhaps the chairman does that anyway.

The CHAIRMAN: Colonel Garneau is always glad to see these widows and talk things over with them.

Mr. GREEN: Their next recommendation is:—

Whereas we recommend that broader consideration be exercised with regard to the deserted wives whose circumstances, in many cases, are urgently needful, and worthy of consideration.

What is done in the case of the deserted wife?

Mr. WOODS: They have no rights.

The WITNESS: No provisions have been made for such cases. It still ties in with the residence restriction that was discussed yesterday. If they are not residing together the allowance would go back to single rates if there are no dependents.

Mr. WOODS: I think it must be remembered that some of the partings are due to infidelity on the part of one or the other spouse.

The CHAIRMAN: I remember, too, when I was on a committee it was thought that sometimes the old soldier might get a little bit cranky, and so on, and if they could separate and still be as well off financially there would be a tendency for the wife to go and live with relatives and leave the old fellow to get along the best he could. On the other hand, if they only got the allowance if she put up with him it would help him out more than if you provided that she could leave him.

Mr. GREEN: That is a pretty far-fetched argument.

The CHAIRMAN: I think there is a lot in it myself.

Mr. LENNARD: In connection with these non-pensioned widows who appeared before us earlier in the session did they ever receive their travelling allowances?

The CHAIRMAN: We paid witness fees to every one of them that same day but what they are writing about is a grant of \$1,000 which was given them on one occasion to help them get organized. They would like to have that transferred into a annual grant.

Mr. QUELCH: We did not come to any conclusion on that last time, did we?

The CHAIRMAN: The committee, of course, can make a recommendation on it. That is what they wish but, of course, the reason why there is some hesitation about it is that if you give a grant to them then there will be other groups who will think that they should get grants, too. It would be difficult to know where you would draw the line.

Mr. QUELCH: Are there any other bodies that receive grants other than the Legion?

The CHAIRMAN: They are the only ones.

Mr. McKAY: That \$1,000 grant was for the purpose of paying travelling expenses to the convention, was it not? It seems to me they are in a peculiar position as far as travelling expenses.

The CHAIRMAN: That is why we gave them all witness fees when they were here.

Mr. QUELCH: Would it be the understanding if we made a \$1,000 grant that we would not be paying their expenses for travelling?

Mr. McKAY: I would think so.

The CHAIRMAN: I think it is dangerous to make a \$1,000 grant to them because other organizations with equally compassionate claims might rise up, and then there would be other claims for grants.

Mr. McKAY: How many witnesses were involved?

The CHAIRMAN: I think there were ten or eleven.

Mr. McKAY: Are there any figures as to what travelling expenses were paid out? It would not be anything near that?

The CHAIRMAN: It was enough. I think it was over \$600.

Mr. WOODS: I am sure that the Canadian Legion would be glad to make representations in Ottawa on behalf of the veterans widows, would they not?

Mr. HALE: It is one of those things that have not been discussed. They have, of course, come to the Legion. They have received a lot of assistance from the Legion in one way or another down through the years. Naturally we have always been very sympathetic towards them.

There is one point I should like to mention about this business of grants. In 1928 the House of Commons committee of that year saw fit to recommend a grant to the Legion. In the proceedings of the committee when these widows appeared it was noted that they mentioned this grant. The Legion would like to have it understood very clearly that the grant that the Legion received on the recommendation of the committee of the House of Commons was for a very specific purpose. It was to provide services for all who came to the Legion for help entirely free. That has been the basis on which that grant has been paid right along. It was not for the same purpose that the widows were asking for assistance.

The Legion has no objection naturally to anything that can be done to help these widows. They are under a great disadvantage in an organizing way. We feel in the Legion, of course, that we have done all that could be done for widows, but they are entitled to their point of view. They disagree somewhat with the Legion's policy but that does not mean to say we are right and they are wrong. They were encouraged to organize, and we were rather glad that the government saw fit to help them. It helped to remove a little friction. They thought we were a little too conservative in our policy. They wanted to go a little bit farther. We have not any objection to anything that is done for the widows of veterans. We have always felt that in spite of the very fair provisions that have been made for widows in the way of pensions and under

the widows allowances there is still a good deal that can be said for what they have lost. They have lost a great deal more than money will ever pay them. A great many of them have raised families. We have had a good deal to do with that question. Certainly now they have reached the age where they are in the position where perhaps they are entitled to a little more consideration than even the Legion in its great wisdom saw fit to give them.

That is the situation. I should like this committee to understand very clearly the grant that the Legion has received was on a very definite basis. It was to provide services, and it was also conditional upon the Legion spending an equal amount of money. The Legion has spent three times the amount of money which the grant called for. I would also add that it was as a result of an investigation carried out by a subcommittee of the 1928 committee that this recommendation was made.

Some organizations have had things to say about the Legion receiving this grant, but our records show pretty clearly that 90 per cent of the people who come to the Legion for assistance are not members of the organization. We never ask them whether they are or not.

The CHAIRMAN: So as to complete the record, because I think it is very good that statement should be made, the services you give are helping them in presenting their pension claims and what else?

Mr. HALE: The pension part is a very small part. We have the question of employment, for instance. They are assisted in any claim they might have against the government, the preparation of claims for veterans allowance, widows allowance, treatment, and all the many controversial questions which have arisen during the second war with the Department of National Defence dependents allowance, repatriation, and then in the larger field of employment the civil service preference, and so forth, has been maintained.

In other words, the Legion's activities cover a very wide field. There are very few activities that the Legion does not engage in to some extent. I should like to mention one to show you the extent of it. For instance, for the last twelve years, the tuberculous veterans section of the Legion have maintained a camp at Niagara on the Lake. To that camp we send tuberculous veterans who are not otherwise provided for. They go for a two weeks' holiday along with their families. We do not say very much about this, but each summer that camp has been maintained, and each summer we benefit not only the veteran but his wife and his children and restore them to a state where they can go back into life and make a much better show thereby.

Then there is the educational part of the Legion's work. You have read a good deal about that. There are a great many of our branches that have done remarkable things for boys and girls who were left without father and mother. Of course, I know there are other organizations who do excellent work. We do not attempt at all to depreciate anything they do, but I think that sometimes when it is mentioned that the Legion receives a grant from the government the wrong impression is created because it is only a very small part of the cost of the work is done. The legion are required to submit to the government auditors their statements showing their work and showing how the money has been spent, and so on.

There is just one other thing I should like to mention while I am speaking. In the days to come there will be other fields of activity. The Legion is branching out quite a bit into the social service field, for instance. Arising out of the second war there is a tremendous lot of domestic difficulty and social problems of which very little has been said, but I can assure you over the last four years particularly we have been very busily engaged in that field.

Mr. McKAY: May I ask one very brief question of Mr. Hale? Has the Legion made any direct contribution to the widows organization as such?

Mr. HALE: Not in the actual way of a grant. We have assisted them at different times, such as having meetings and that sort of thing, preparing their material.

Mr. BAKER: I think we would be much safer in paying the expenses of the witnesses when they come as we did the last time rather than establishing a precedent here. It is not the \$1,000 that I am worried about. A precedent may be established that might run into many thousands of dollars. It might make some organizations feel, whether they really had something to press, that they had better come and make their appearance anyway. On the other hand, if we pay the actual expenses you will be much better off, and you will not be establishing a dangerous precedent. It is not the actual \$1,000 I am worrying about. It is what it may start. They should get their expenses when they come.

The CHAIRMAN: We went even a little further than that this time because they were widows. Ordinarily we would only pay two witnesses, but this time with the approval of the committee we went further than that because they were widows, and in the light of what we knew the whole committee would feel about it. I wonder if we could just finish running over the bill.

Mr. GREEN: As to this question of the deserted wife is there anything that can be done to meet that situation at least in part?

The CHAIRMAN: We let that stand with the idea of it being studied in the light of that other section. There was a suggestion that Colonel Garneau would give a statement on it. It would come under that head, would it not? You remember the section we let stand, that married allowances can only be paid if they are living together. Of course, it would come under that head, and that was let stand with the idea that Colonel Garneau would discuss it with his commissioners and let us have their reaction to it.

The WITNESS: I think in the past it was always felt that there might be a danger of facilitating the breaking up of homes if deserted wives or husbands were treated separately as to that. It was felt also that those persons came normally under the purview of provincial legislation and that mothers' allowances and such other set-ups would look after their needs during that time, but I think there was definitely at some time an expression of opinion that there would be a danger of facilitating the breaking up of homes, and I would not say encouraging desertion but making it too easy for families like that to break up and maybe let the children root for themselves, so to speak.

By Mr. Green:

Q. Would you look into the position when you are considering the other section?—A. Yes.

Q. Then the next was:—

Be it resolved that dependent mothers with sons who died as result of service in any of His Majesty's armed forces, be granted a permanent pension of \$60 a month equal to the amount paid to a widow.

I think that is covered in the Pension Act.—A. It is not relevant to the War Veterans Allowance Act.

Q. Then they ask for prompt provision for the non-pensioned widows of the Imperial veterans by the extension of the War Veterans Allowance Act under the same conditions as the Canadian non-pensioned widow, provided such widows have been domiciled in the dominion for a reasonable time.—A. This, as well as the question of allowances to ex-Imperials who were not domiciled at the time of enlistment, is a matter of government policy, but if the Imperial veterans are admitted it is presumed that the widows would also be eligible.

Q. Have you any figures?—A. Based on what I gave this morning, at present we would have 185 widows; if the domicile of Imperial veterans is

changed to September 1, 1930, there would be apparently 185 widows eligible as far as we know now. That number might be increased depending on the extent of the field of admission of the ex-Imperials.

By Mr. Lennard:

Q. Does that apply to those who served in South Africa?—A. Ex-Imperials?

Q. Yes.—A. I am not sure whether it does.

Q. I do not suppose there are many now?—A. There would not be many. I could not say offhand how many. I believe that is included in the number of veterans that is there. It is a presumption. I think I am correct.

By Mr. Green:

Q. Was your figure of 4,639 ex-Imperial applicants inclusive of those who served in the South African War?—A. I am not quite sure about that, or whether that applied only to World War I. I can look that up and give you a definite answer on that. I believe they were included, though.

Q. That figure covers all Imperials who have served in a theatre of war?—A. It may, on the other hand, only apply to World War I; but I will check up on that.

The CHAIRMAN: Was there anything else, Mr. Green?

Mr. GREEN: The only other thing they asked was that all veterans' graves be marked with an official marker. That has nothing to do with this Act, though.

The CHAIRMAN: No.

Mr. GREEN: I do not know whether anything has been done along that line or not.

The CHAIRMAN: Do you know anything about that, Mr. Woods?

Mr. WOODS: Not all veterans' graves are marked by an official marker. Those who die in our hospitals are and those who are buried in soldiers' plots are, but not all veterans who die.

Mr. GREEN: Can only veterans' graves be marked with an official marker?

Mr. WOODS: If he is buried in the soldiers' plot of Canada.

Mr. GREEN: But not if his family buried him?

Mr. WOODS: No.

Mr. BLAIR: I know of one or two at home in the general cemetery who have had soldiers' markers.

Mr. WOODS: It is not hard to duplicate them.

Mr. GREEN: Would there be any objection to making it possible to have official markers in all cases?

Mr. WOODS: I will look into that. You will notice that they do not say Canadian veterans. They say all veterans.

Mr. GREEN: Could you look into that and see what could be done?

Mr. WOODS: I will look into it.

Mr. HERRIDGE: Mr. Chairman, I should like to ask Mr. Green a question. Does he support those proposals they are making?

Mr. GREEN: Yes, I think I do. I think that they could be met at least partially. However, we will have a further report from the chairman.

The CHAIRMAN: Yes. There are many things that they have suggested that are met in the proposed bill, of course; and then there are other things that depend on the decision about the Imperial veterans who did not have domicile in Canada at the time they went into the armed service. That is a matter, of course, for decision.

Section 9 is under part III, "Allowances payable in respect of other ex-service persons." That is the definition of the people who come under this part. It changes the definition "dual service pension" for reasons which were indicated yesterday, that it was really a misnomer to call it a pension. It is called an allowance in this proposed bill and it defines the veteran in this part as

- "(a) a person who served during World War I and World War II as a member of His Majesty's Canadian forces;
- (b) a person who served during World War I as a member of His Majesty's forces other than Canadian forces, was domiciled in Canada when he became a member of the said forces and was a member of His Majesty's Canadian forces during World War II."

That seems to me to be a fairly inclusive definition.

MR. GREEN: That definition is not broad enough, apparently, to cover the ex-Imperial who served in a theatre of war in World War I and served in the Veterans' Guard in Canada in World War II.

MR. WOODS: Not unless he was domiciled in Canada.

THE WITNESS: If he was domiciled in Canada at the outbreak of war.

MR. GREEN: Not unless he was domiciled in Canada before he enlisted in World War I.

THE CHAIRMAN: That is it.

THE WITNESS: Yes.

MR. GREEN: That I think is very unfair, and it brings up the whole question of what should be done about the ex-Imperials.

THE CHAIRMAN: That brings up the ex-Imperial veteran again. We can let that stand.

MR. GREEN: Do you not think it would be wise to get some other title than "allowances payable in respect of other ex-service persons"?

THE CHAIRMAN: We discussed that. If the committee have any suggestions to make, I am sure they will be welcomed. An attempt was made to try to have a title that would be apt to describe them.

MR. GREEN: The impression one gets in reading this is that it would apply to other groups that are now being considered by a subcommittee of this committee.

MR. HERRIDGE: Could you say "certain"?

THE CHAIRMAN: You might say "service in two wars".

MR. GREEN: That is what I thought. Is that not the basis of the whole part?

MR. WOODS: As Mr. Gunn pointed out yesterday, if a measure is enacted by parliament making provision for these various groups, that measure will give them entitlement under this Act, presumably, if it is agreed to. In other words, you can give them entitlement by another enactment, without it appearing in this Act.

MR. GREEN: But this is particularly meant to cover men who served in two wars.

THE CHAIRMAN: Yes. It is directed to that. I see no objection to saying "other ex-service persons who served in World War I and World War II." I think it would be quite clear what it meant.

MR. GUNN: Would it not be better to introduce, as suggested by one of the members, the word "certain" just before the word "other"?

THE CHAIRMAN: "Certain" would be all right.

MR. GUNN: That would also limit it.

THE CHAIRMAN: It is just, after all, a title.

Mr. McKAY: What is the change?

The CHAIRMAN: To make it read "Allowances payable in respect of certain other ex-service persons." In other words we have got parts for "Allowances payable to a veteran", "Allowances payable to widows and orphans" and this is "Allowances payable in respect of certain other ex-service persons." I think that is a good idea. Thank you, Mr. Herridge. How does that strike the committee? Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: We will let section 9 stand. Section 10 will be redrafted to have the item applying to widow conform with the practice, that she gets the same consideration as a veteran.

Then with regard to section 11, I will just read that. There is an error in that. Section 11 should read as follows:

11. (1) The maximum allowance payable in any year to an unmarried veteran or a veteran bereft by death of his or her spouse or a widow, without child or children, shall be three hundred and sixty-five dollars less the amount of any income of the recipient in excess of one hundred and twenty-five dollars per annum.

Then paragraph (2) is satisfactory, is it not?

The WITNESS: Yes.

The CHAIRMAN: Of course, that brings up the whole question of the amounts, and that will stand.

Mr. GREEN: Under section 10, could consideration be given to not having an age limit in the case of those men who served in the two wars?

The CHAIRMAN: In effect, there is no age limit, if they are incapacitated and cannot earn a living.

Mr. GREEN: That is what I brought up yesterday. They have to be incapacitated or 60 years of age; otherwise they are out.

The CHAIRMAN: Yes. With the way that is interpreted it is pretty satisfactory, I think.

Mr. WOODS: You would be putting a man who served in two wars in a preferred position. He may not have served in a theatre of war at all and you would then put him in a preferred position by giving him a service pension at any age, compared with the veteran who saw 3 or 3½ years in France during the great war.

The WITNESS: Who was a combatant.

Mr. WOODS: Should you do something for a man who may not have seen a day's combat service, give him some advantage that you will not give to a man who may have had long fighting service?

Mr. GREEN: The fundamental difference here is whether or not these men should get a military service pension as distinguished from an allowance.

Mr. WOODS: That is the principle.

The CHAIRMAN: There has been an error in subsection (2) at the top of page 7. Would you write in your bills there, in subsection (2) (b) the following: after the word "spouse" in the first line add the words "or a widow". The subsection would then read:—

(b) a veteran bereft by death of his or her spouse or a widow with a child or children . . .

Then substitute the word "recipient" for the word "veteran" in the third line.

Mr. LENNARD: Mr. Chairman, would it not read better if there was a comma after "veteran" and if there was another one after "spouse"?

The CHAIRMAN: In what place?

Mr. LENNARD: In subsection (2) (b), "a veteran bereft by death of his or her spouse."

The CHAIRMAN: Yes, a comma should be put in there, "or a widow with a child or children". That is correct. Then substitute the word "recipient" for the word "veteran" in the third line. That is line 8. Just write that in the Bill there. That does not change the meaning. Section 11 stands.

Then section 12 cuts down the time during which the applicant must be domiciled in Canada from six months to three months, which of course is quite a help in some cases. Is that carried?

Some Hon. MEMBERS: Carried.

Mr. GREEN: Oh, well, what about section 12(2)?

The CHAIRMAN: That is the same as it was before.

Mr. GREEN: No. That was not in the act before.

Mr. WOODS: No, that was not in before.

The CHAIRMAN: That should have been underlined.

The WITNESS: It should have been underlined.

Mr. GREEN: That is very strong dynamite. Why do you put that in?

The CHAIRMAN: I took it that, because it was not underlined, there was not any difference.

Mr. HERRIDGE: It is stated positively, too.

Mr. GREEN: Why is that put in?

The CHAIRMAN: Have you any explanation of that, Colonel Garneau? The explanation in the bill is:—

Subsection (2) is new with respect to veterans. Allowances have been awarded only to persons who qualified under the proposed provisions. A person who was not in necessitous circumstances and who was otherwise provided for did not get an allowance.

The WITNESS: I am afraid I cannot give a reason at this moment why that was inserted. Mr. Gunn states that it was to strengthen our hand. I think that was added to clarify the basis of the Act, make it clear that the allowance was not to be given unless there was financial necessity or need.

Mr. GUNN: It was to affirm the practice that had developed.

Mr. GREEN: I do not think there is any reason for a drastic provision of that type. In other parts of the Act you have already got the condition that a man must meet. Now you bring in a special provision which reads:—

No allowance shall be paid unless the applicant or recipient is in necessitous circumstances and not otherwise provided for.

That is brought in without any qualifications. There is no definition of what necessitous circumstances are. You might find that when we had a less warm-hearted chairman he might start cracking down on people and say, "Here, you are not in necessitous circumstances."

The CHAIRMAN: I do not think it is good draftsmanship when you have got specific provisions in each case as to when, where, how and under what circumstances you pay allowances. I do not think it is good draftsmanship.

Mr. GUNN: I might say that this originated with the immediate predecessor of our friend, Colonel Garneau, who felt apparently there was something required to strengthen the position of the board against claims that were not well supported by evidence. I think he had in mind certain claims arising out of circumstances like this, where persons were actually being supported by friends or relations who could support them.

Mr. QUELCH: Why should they not?

Mr. GUNN: I am not arguing as to merits. Then there might be other cases where necessity was alleged but not proven. It was not apparent. I cannot recall all the various things he had in mind, but he did feel that something affirmative would strengthen the position of the board in dealing with cases that did not have very much merit.

The CHAIRMAN: I suggest that we drop it.

The WITNESS: I quite agree to that being deleted.

Mr. WOODS: I think in fairness I might say that this was an attempt to enunciate in the statute a principle that members here who were members of the parliamentary committee in 1930 will recall. Legislation was introduced into the House as a measure to provide for veterans who were incapable of maintaining themselves and who were otherwise unprovided for or only partially so. These words were used in introducing the legislation. I think the intention of the chairman was to get that principle in the statute.

Mr. GREEN: Certainly there has never been any parliamentary committee that has enunciated any such doctrine.

The CHAIRMAN: We will just delete it.

Mr. GREEN: What about this old age pension provision?

The CHAIRMAN: That was in the bill before, was it not?

Mr. GREEN: Not quite in that wording.

The WITNESS: In the Act as it now stands section 4, subparagraph 3 reads:—

An allowance shall not be awarded or continued under this Act to a veteran or a recipient while such veteran or recipient is in receipt of an old age pension awarded under any provincial old age pension legislation adopted in pursuance of an agreement made under the authority of the Old Age Pensions Act.

That is the clause as it now exists in the present Act. I think the idea at that time was that as the greater amount was paid by the federal government, in the case of the Pension Act, 75 per cent, and the war veterans allowance funds also came from the same source, that the veteran had to take either one or the other but could not have both at the same time.

By Mr. Lennard:

Q. The veteran has the choice?—A. The veteran has the choice, and that he had to elect under the Old Age Pensions Act or the Veterans Allowance Act if eligible.

By Mr. Quelch:

Q. If the veteran got the old age pension would the allowance continue so that he would be paid in the following month?—A. Yes.

Q. There would be no loss of time?—A. No, there would not be any loss of time. We could adjust the payments to meet such a situation.

Mr. WOODS: Otherwise with a permissive income of \$480 you could draw \$360 under the one Act and \$120 under the other.

Mr. QUELCH: The amount payable in the draft bill in some cases might be greater than the amount the veteran was drawing under the old age pension. I should think it would have paid the federal government to have paid the difference between the two Acts, but I am not suggesting that.

Mr. WOODS: You would penalize the widow because you could only continue to the widow the allowance he was receiving at the time of his death.

Mr. GREEN: Do you not find that all veterans prefer to be under the War Veterans Allowance Act?

The CHAIRMAN: Yes.

The WITNESS: Yes.

The CHAIRMAN: May we carry that with three numbered as two, and two dropped out? Carried.

Section 13 has all these other clauses which we have discussed but which we let stand today. Section 14 is a reprint from the old Act. Where there is an assignment or transfer for the purpose of qualifying the board may take the property transferred into account. That seems quite reasonable. Shall that carry? Carried.

Section 15 has to do with payments to other persons to administer in the discretion of the board.

Mr. GREEN: Is that exactly the same as it was before?

The CHAIRMAN: It says that it is the same as section 12. The old section says: "If in any case", and it says here, "where in any case".

The WITNESS: "—the board is of opinion that the recipient would be likely to apply the amount of any allowance otherwise than to the best advantage, it may direct the payments to be made to and administered by such person as it selects".

By Mr. Green:

Q. Is that being used in many cases?—A. Yes.

Q. How many?—A. I could not tell you offhand. I would not like to give a percentage figure, but I can explain in what cases it is used. In some cases the veteran, for instance, might not be giving enough of the money for the use of the home. He might be inclined to patronize a little too much the corner tavern keeper, or something like that, and the wife complains. We investigate such cases, and if we find the complaint is justified, and that administration, for instance, by the wife of the allowance in such a case would not cause any serious family discord we will pay the allowance to the wife for administration. There are other cases where we may be paying allowances to mentally feeble persons who do not know the value of money and do not use it to the best advantage. In that case we might give the administration to somebody willing to undertake it in the place where they reside. Generally we have names submitted to us or recommendations made and we give the administration of the allowance to such persons so that they get the best advantage of the money. All kinds of situations of that kind may crop up. It is as needed. In some cases the allowance might be administered for only two or three months and effect the required cure of the situation. Then we will pay it back to the recipient himself.

The CHAIRMAN: In the Act it should be "made to" and "administered by". "To" should be inserted in the fourth line. Is that carried with that change? Carried.

It is now 1 o'clock. We will adjourn until Monday at 11 o'clock.

Mr. GREEN: Monday or Tuesday?

The CHAIRMAN: Monday. I thought we would have a statement from Mr. Murehison in regard to small holdings, and then if we have a little time we might consider it.

The committee adjourned at 1 o'clock p.m. to meet again on Monday, June 17, 1946, at 11 o'clock a.m.

APPENDIX A

OTTAWA, June 12, 1946.

W. A. TUCKER, Esq., K.C., M.P.,
Chairman,
Special Committee on Veterans Affairs,
House of Commons,
Ottawa, Ontario.

DEAR MR. TUCKER,—During the proceedings of the Committee on Friday the 7th instant, I quoted certain figures with regard to members of the forces who had been discharged from the Army for various reasons and whose service varied from less than 30 days to less than one year.

Mr. Howard Green, M.P., asked the question: "How many of those were discharged as medically unfit?" and I promised to get the figures if they were available. The following give the details requested.

Reasons for Discharge from Army	Up to 30 days	Period of Service			Total
		31-90 days	91-183 days	184-364 days	
Medically unfit	2,297	12,145	18,790	25,340	58,572
Underage; irregularly enlisted; false answers on attestation	616	1,413	1,837	2,016	5,882
Misconduct; conviction by civil power; dismissed, refusal to sign forms or to be vaccinated	57	225	342	773	1,397
Compassionate grounds; surplus to establishment; return to civil employ; demobilized	468	1,993	5,893	13,978	22,332
Not likely to become efficient.....	392	1,612	2,120	409	4,533
Total	3,830	17,388	28,982	42,516	92,716

Yours faithfully,

J. L. MELVILLE,
Chairman.

APPENDIX B

SPECIAL COMMITTEE ON VETERANS AFFAIRS

SUBCOMMITTEE ON CO-OPERATIVES

The subcommittee of Messrs. Benidickson, Bentley, Dion, Emmerson, Jutras, Pearkes, Quelch, Ross, appointed by the Special Veterans Affairs Committee on May 16, 1946, to study the question of extending the benefits of the Veterans' Land Act to those who wish to farm on a cooperative basis, reports as follows:—

Honourable John H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan and Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, were called, heard and questioned.

Hon. Mr. J. H. Sturdy made the specific request that the V.L.A. be amended to extend to cooperatives the maximum debt free grant of \$2.320 now payable to veterans settling on Crown lands and to allow the V.L.A. administration to purchase land for cooperatives.

Whereas the cooperative farming projects are experimental ventures in the application of a new philosophy of a different social order;

Whereas the only somewhat precedent are the various religious communal groups which were formed in Western Canada and that these have really been successful in Agriculture on but an individual independent basis;

Whereas no basic change appears to have taken place in the philosophy of our Canadian people in regard to land ownership;

Whereas the Veterans' Land Act already provides to assist a veteran to become established as a farmer on purchased land, on mortgaged land, on provincially owned land and also as a tenant farmer;

Whereas this recommendation would mean a new departure from the general principle previously adopted by this Committee and would have its repercussion over all other such measures;

Your subcommittee although it feels very sympathetic towards cooperative efforts in any parts of Canada, does not feel justified at this stage to recommend a departure from the general principle of giving assistance to Veterans on an individual basis and such further extension of the benefits of the Veterans' Land Act.

Respectfully submitted,

RENE N. JUTRAS, M.P.,

Chairman, Subcommittee.

OTTAWA, June 13, 1946.

APPENDIX C

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
May 22, 1946.

The Subcommittee on Cooperatives of the Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The chairman, Mr. R. Jutras, presided.

The CHAIRMAN: Gentlemen, we have with us today the Hon. John H. Sturdy, Minister of Reconstruction in the Saskatchewan government.

Hon. John H. Sturdy, Minister of Reconstruction, Province of Saskatchewan, called.

The WITNESS: Mr. Chairman, I am deeply grateful for this opportunity to discuss this matter with you this morning. It is of very considerable concern and affects a very considerable number of returned men in our province. I think it will probably be of general interest throughout the dominion. It is possibly something that should not affect land settlement alone, but certain other activities that returned men may care to enter into on a cooperative basis. Would you like me to proceed?

The CHAIRMAN: I think we can proceed now. The purpose of this subcommittee as laid down is to study the question of a recommendation to the main committee relating to the use of gratuity credits for the purchase of shares in a cooperative and also to the amendment of the Veterans' Land Act. That was the question submitted to this subcommittee, and the purpose for which this subcommittee was set up. We are very glad to have Mr. Sturdy with us and we will ask him to proceed.

The WITNESS: I am sure that this condition does not apply to Saskatchewan service men any more than it does to service men from any of the other provinces, but there has been a very considerable interest expressed on the part of our service men in cooperative enterprises, particularly in respect to land settlement. The trend in our province—and I suppose that is more peculiar to the prairie provinces, especially during the period of the war—has been towards larger and larger individually owned and highly mechanized farms. This tendency has certainly built up in our returned men the desire to mechanize their farms and employ the most modern mechanical means as far as farming is concerned. I think, too, that by virtue of the experiences of our men in the forces, which have been along cooperative lines, their whole training in the services has been directed along that line, so that they come back to us trained in cooperative methods and with a desire to continue their experiences in their civilian avocations, particularly in respect to farming. We have had scores of applications from returned men requesting us to provide the organization for cooperative farms.

About six weeks ago we invited 26 or 27 of the men to attend a cooperative school dealing specifically with cooperative farming methods, the organization of cooperative farms, cooperative philosophy and organization, and so on. These men, having gone through the school, were very insistent that they be given an opportunity to go out on a cooperative farm. We had an excellent

area in which we could put them. You probably are familiar with it, Mr. Tucker, the Matador Ranch. It is the type of soil that exists in the Regina plains area. Twenty men have gone out there and they have set up a cooperative farm. Already they have 600 or 700 acres under cultivation and a half section ready for seed. It was prairie land. We were able to get equipment for them by way of tractors and they have building material. They have started or completed four family units, four houses and a dormitory. Eight of the men are married and the remainder of them are single men. They are very enthusiastic about it, and I was determined to give them every chance. We sent them out on a wage basis to work together for a period of a month so that they could decide whether the entire group would care to continue in the cooperative farm. They are insistent that they proceed with the cooperative farm. They are a fine group of young men of several racial origins and representing all the services. They are doing a very splendid job, and naturally we are anxious to have them granted the same rights under the Veterans' Land Act as those settling on individual farms.

Besides that particular group we have applications from groups at Indian Head, Neville, Lloydminster, Pelly, Nipawin and Carrot river. I may say that we have a tremendous number of applications from our service men for farms. We have approximately 1,000 economic farm units in the province belonging to the Crown. We have allocated approximately 750 of those to date, and we have still 2,680 unfilled applications for land so that in common with many of the other provinces we are put to it to find land for our returned men. Mr. Murchison is undoubtedly experiencing the same insistent demand for land in our province.

There are certain areas in our province of excellent farm lands located in the pioneer area, the bush area, where we are prepared to go in and clear the land and prepare it for cultivation to provide for some of these additional 2,600 men. That is the pioneer area, and in our opinion it can only be developed in a cooperative way. If we have to go in there and provide isolated schools, roads, health services, and so on in a pioneer area it will be beyond the capacity of the provincial government to enter into an expansive scheme of that kind, but if it can be developed under cooperative methods I am sure we will be able to do considerable settlement over the next two or three years in that area which, incidentally, constitutes some of the best soil we have got in the province of Saskatchewan. Some of you may be familiar with the Nipawin Melfort type of soil and farming. There are certain areas east of the Carrot river that come under that category.

Naturally we would like to see the Veterans' Land Act amended to provide two things. We have a contract with the Veterans' Land Act department of the Dominion Government whereby service men settling on Crown lands that constitute economic farm units satisfactory to the Veterans' Land Act Department will be granted a maximum debt free grant of \$2,300, the federal government retaining an interest in that investment for a period of ten years, and thereafter their interest disappears. We would like to have this maximum grant made available to service men entering cooperative farms.

Secondly we have requests from these various groups that the Veterans' Land Act be amended to enable the Veterans' Land Act administration to purchase land for cooperatives. I might point out that we have in the province, as I mentioned at the outset, many large farms. The tendency has been towards larger and larger farms. It is impossible for the individual returned man to go in there and purchase one of those farms because it is much beyond his capacity to pay for them, and it is far beyond the limits set under the Veterans' Land Act. But these constitute going concerns. There are the buildings and the farmstead comprising 2,000, 3,000 or 4,000 acres, and the men feel if three

or four or half a dozen of them could purchase these larger farms on a co-operative basis that they would be provided with a going concern and they could successfully rehabilitate themselves.

As a matter of fact, we are anxious to see our men get settled on that particular type of land. Naturally, many of these larger farms have been brought into being as a result of the industry and the husband-like manner of farming on the part of the owner, so that they do constitute some of our best farms in the province. These were the two matters, Mr. Chairman. I do not know if I have made myself entirely clear, but those are the two matters I wished to bring before the committee.

The CHAIRMAN: I wish to thank Mr. Sturdy for what he has just told us about the intention of the government in Saskatchewan. I am sure that other members of the committee would like to ask questions. For myself, just to start the ball rolling, I wonder if Mr. Sturdy could give us some idea of what is implied in this cooperative scheme that he has referred to. I am sure it will be of great interest to the committee to have a clear idea of what this co-operative scheme is and how it is applied in Saskatchewan.

The WITNESS: I could possibly best explain it by dealing with a specific example of a cooperative farm already in being, the one I referred to as the Matador cooperative farm. There is a considerable area of class "A" land there. It is prairie land, so the basis of this particular economic farm will be wheat farming.

We have assigned to each cooperator a three-quarter section of land. The land would be owned in common and it would be worked in common. The men are paid an hourly wage and, at the end of the year's operation, an accounting is made. If there is anything left over, after paying the wages of the cooperators, it will be divided as social dividends. On this particular farm men live in communities. That is their desire. They hope in that way to provide themselves with many of the amenities of life which the isolated farmer does not have. As for married men, they have their individual homes; and as for single men, they have dormitories.

As far as married men are concerned, the families live their individual lives; but also, in this particular cooperative farm of which I speak, there are sufficient children to justify a school, so there will be a school and a community hall undoubtedly.

One of the advantages I wish to emphasize of living in a community is that they will have many of the social and other amenities that are not enjoyed on the individual farm.

Now, the tendency in our province, and I think Mr. Tucker will bear me out, is for many of the farmers in the winter time to leave their farms and come into the towns and cities in order that they, too, can enjoy the advantages of community life, that is, as far as their community life is concerned. That is the mode.

Now, in regard to the operation of the land, the basis of the economy of this particular farm of which I speak is grain growing, and they will employ the most up-to-date mechanized methods of farming.

We were fortunate in having tractors that we could let them have. Tractors, of course, are in very short supply, but we have four "D" tractors. They have gone ahead and are now in the process of breaking the land and putting it under cultivation. They work in three 8-hour shifts of 24 hours a day. They have been there less than a month but already they have between 600 and 700 acres broken. Before the end of the breaking season, which in that area extends even to the end of July, they expect to have 4,000 or 5,000 under cultivation.

There are in the group, which has been very carefully selected, experts. One expert is concerned with soils; two or three experts are men who are particularly interested in live stock, because there is a grazing area surrounding this co-operative farm which is available to these men. Then, there are two or three

tractor experts, mechanics who look after the care, maintenance and repair of machinery. They already have their machine shops, blacksmith shop, forge and certain other equipment. The tendency is towards specialization on the part of the members of the cooperatives. In that way we feel it will increase the efficiency of operation.

The extent to which this particular cooperative that I speak of can be developed will be about 35 families; 35 members, and they will be allocated land on the basis of three-quarters of a section each for that particular part of the province.

Now, as I have said, the land is owned in common, and is worked cooperatively, and the proceeds are divided on the basis of the wage hour, work hour, and at the end of the year's operation, the dividends are divided among the members of the cooperative. That, in brief, is the set-up.

By Mr. Emmerson:

Q. Mr. Sturdy, might I ask you about the operations in this way; in a community like that, there is implied, of course, some management?—A. Oh yes.

Q. Some direction?—A. That is right.

Q. And another thing, as regards the different classes of labour that you speak of as having been paid on an hourly basis, are they all paid the same amount, or is there an hourly rate, or a different scale of wages for different people?—A. That differs according to our investigations and our experience with different cooperatives. Now, in this particular cooperative they have elected to accept the same rates. They are all pretty well specialists in their various fields; so that, in so far as this particular cooperative is concerned, they are paid at the same hourly rate.

Q. That policy is adopted by their own selection?—A. That is right.

Q. And do they select their own manager?—A. Their own manager, yes. They have, in this particular cooperative of which I speak, their own manager, a chap who has had an excellent background of farming and administration, and who has been a successful farmer himself. He is an undergraduate of the agricultural college of the University of Saskatchewan.

Q. Where do the wives of those who are married come in? I mean, there is always, on a farm a great deal of work that can be best done by the woman?—A. Their arrangement is this: if the activities of the wife are limited to the home, then, she is not paid an hourly wage; but, if she happens to be—and on this particular cooperative, one of them is a teacher, a qualified teacher—then, she will be paid as such, if she cares to take over the school. Another one may be an expert in bee-keeping; and perhaps should she be engaged by a cooperative farm, then she would be paid at the same rate as the others, or at a rate to be determined by the cooperative.

Q. Just going a little further in regard to children, if and when they become of age to work on this farm, provision, of course, would be made for them?—A. By that time it will undoubtedly necessitate the cooperative extending its holdings beyond its present limits or its anticipated limits; and if any of the children become a member of that cooperative and establish a family of their own, then, undoubtedly, the cooperative would be extended.

By Mr. Bentley:

Q. It should be remembered, should it not, that the family of people in a cooperative might want to go farming on their own, or might want to start a store. The individual is responsible for his own income; the children are under the direction of the father?—A. That is it. I wish to emphasize that it is entirely voluntary. The groups themselves have got together and have asked for these things. Their organization is entirely democratic. They decide upon their own managers and the various departments of the cooperative. Where we

come into the picture is: we give them every opportunity to specialize. We have our agricultural college, and they enjoy the services of our field staff in agriculture, and so on, so that we can, as a government, do a very great deal for these chaps. We also have a department of cooperatives that can assist them very materially; and I wish to say in connection with this particular plot with which I am dealing that the Dominion Experimental Farm is located in the area and has been rendering excellent, not supervisory, but advisory service to these men. I suppose one might describe it as an industrialization of farming on a large scale. These men of course are experts in certain fields of agriculture. Your province has legislation under which this can be done. There is, of course, some legislation providing for cooperatives, but in most provinces, for instance, my own, a veterans organization of the type to which you refer would not come under anything of that sort.—A. I do not think there is anything in the provincial legislation that would interfere with it. Provincial legislation might materially assist, but I do not think it would interfere.

By Mr. Ross:

Q. The fact is that we require new legislation. Your province is the only province which has a department of cooperatives, is that not right?—A. Yes, but then that department is naturally designed to assist cooperatives. I do not think any legislation is necessary.

Q. For instance, take the province of Manitoba; what department could legitimately carry on the work that is being done in this cooperative farm set-up in your province, without some new legislation?—A. Most any department of government; lands, or mines, or agriculture.

By the Chairman:

Q. I think you made a statement a while ago, did you not, that as far as your government is concerned this department was more or less acting in a supervisory capacity, giving a supervisory service?—A. That is all, with this exception; that we happened to have a considerable amount of crown land, which you have also in Manitoba and Alberta, and we have made this crown land available to service men for land settlement.

Q. That would be true of all provinces, would it not?—A. Yes, I think so.

By Mr. Ross:

Q. In this organization of which you speak, let us assume that they financially go in the hole on the year's operation, don't you undertake to see that these men are paid a certain hourly wage?—A. Oh, no.

Q. Then I suggest, in respect to these cooperatives, they do not know what amount they are working for per hour, no given figure?—A. No; undoubtedly there will be advances.

Q. On the anticipated proceeds?—A. That is right, but the final settlement will not be made until the end of the year.

Q. Advancements from the government department, or from their own organization?—A. From their own organization.

By the Chairman:

Q. Where did they get their funds to begin with? I mean, let us say, for instance, in a case such as the one of which you have been speaking,—they have broken how much land?—A. 600 acres up to the present time.

Q. That would represent \$6,000 in expense, let alone wages.—A. Well, in this particular case my department is providing the money necessary to get them started.

Mr. Ross: That is just what I was coming to.

THE WITNESS: But if this grant, this maximum grant of which I spoke, \$2,320, was made available to them, then with that they could go and purchase the materials and equipment and building supplies, and so on necessary to get them started. That is why it is so necessary to get this legislation amended, or to have a change made in the regulations.

By the Chairman:

Q. In a case of that particular kind what financial help have you given them so far, in round figures; I mean, to get this group started?—A. We have provided them with machinery and they have a bank account for providing oil, gas and so on. We have provided them with the materials for building. We have made these advances. For the first month they have been in operation we have paid them a daily wage, because we want them to go over a period of one month to determine whether they then wish to organize as a cooperative and how many they would include in their cooperative, because the group itself determines who is coming into it.

Q. You say that you actually paid them wages for the first few months?—A. For the first month.

Q. Just for the first month?—A. Yes. Now, I will point out this, under the Veterans' Land Act and D.V.A.—and Mr. Murchison will bear me out on this—they are eligible for the awaiting return benefit; so they would presumably be paid at the rate of \$70 a month pending a return from their current operations. That extends over a period of one year, does it not Mr. Murchison?

MR. MURCHISON: Yes.

MR. EMMERSON: Mr. Sturdy, in determining the policy from year to year, that of course could only be done cooperatively; has each man an equal vote with the other?

THE WITNESS: That is right. I have a list of the by-laws here if you would be interested in them. I am sorry, I thought I had them in the file before me but I do not seem able to locate them at the moment. I will see that they are supplied if you wish them.

By the Chairman:

Q. Let me ask you this: you have thirty-five families in a cooperative starting off. Human nature being what it is, is there any provision whereby after a period of experience a cooperator wanted to withdraw, can he do so? What would be the alternative to his getting out?—A. Yes, the by-law makes provision for that. He will have a certain equity for which he would be paid if he wishes to leave the cooperative.

MR. EMMERSON: Is any transfer provided for?

THE WITNESS: Naturally, that is what we are concerned about. With the consent of the cooperators he can transfer his equity to a new cooperator. And it would be reasonable to suppose that there would be a certain number of casualties in any type of cooperative farming, and the by-laws make provision for that.

MR. ROSS: Under the present Veterans' Land Act he cannot change his mind at the end of ten years, he cannot make a transfer and cash in on it.

MR. MURCHISON: Not under the present legislation.

MR. ROSS: That is what I mean, not under the present legislation.

THE WITNESS: Naturally, the equity of the V.L.A. would have to be safeguarded.

By the Chairman:

Q. I was just going to ask you, would that equity be standardized to all properties?—A. Yes.

Q. And at the present time the point arises as to the different cooperatives as between one province and another. The study which was made of cooperatives for the royal commission on the taxation of cooperatives shows that the form of organization varies greatly as between different provinces and also as between the various cooperatives themselves.—A. Well, of course, in so far as the Veterans' Land Act is concerned, legislation would be general because they would be protecting their equity, which would disappear after a period of ten years, but up until the expiration of ten years they would have an equity in it. I am speaking now of the grant which is made on the basis of a maximum grant of \$2,320 per soldier settler. There are two things to be considered here, as I see it; one is the agreement which we have with the Veterans' Land Act relating to the maximum grant of \$2,320 for the purchase of stock and equipment, improvements and so on, which is made to each settler on provincial crown land. And now, we would want that extended to settlers entering a cooperative.

Mr. MURCHISON: In other words, what you would anticipate, Mr. Sturdy, would be that the cooperative association would be set up under the cooperative act of Saskatchewan, and the articles of incorporation approved by the registrar, then when these grants are made they would be paid to the executive of the association?

The WITNESS: That is it.

Mr. MURCHISON: They would receive that \$2,320 per settler instead of that grant being made to so many individual veterans?

The WITNESS: That is it.

Mr. MURCHISON: That is why I asked you, that is the only way I can see of the aggregate grant being disbursed along the lines that would be aimed toward the general welfare of the whole group rather than being scattered for the purchase of things having in mind the welfare of the individual.

The WITNESS: That explains it.

Mr. EMMERSON: It would look to me, if the Act were amended, that it would be really only extended to one or perhaps two provinces. In some provinces there is no provision under which it could be done.

Mr. ROSS: Just in one province at the present time. I think that is right.

Mr. EMMERSON: In the province of New Brunswick there is nothing to do with either the marketing or purchasing of supplies for organizations set up as cooperatives.

Mr. BENTLEY: In those circumstances, it would not affect those provinces. The amendment to the Act would not do anything to interfere with present operations and it would open up a way for them to provide for it.

The WITNESS: That is right.

Mr. BENTLEY: For it to be made use of.

The WITNESS: We merely wish this. Under the present regulations and agreement, V.L.A. may make a maximum grant of \$2,320 to an individual settler who settles on an economic farm unit. We would like that extended to returned men who wish to go into a cooperative, in multiples of \$2,320, according to the number that enter the cooperative. It certainly would not interfere in any way that I can possibly see with the other provinces. Are there any other provinces with a similar agreement, Mr. Murchison?

Mr. MURCHISON: Well, we have completed an agreement with the prairie provinces, and the province of Ontario; agreement in principle has been reached with the province of British Columbia and with the province of Quebec. There are some variations in the terms of occupancy. In the province of British Columbia the terms of occupancy will be determined by the director because the province transfers title of the land to the director immediately a grant is

approved. We hold that title in trust for that veteran for a period of 10 years, and if he complies with his terms of occupancy he has no debt to repay and we give him title at the end of 10 years. That is the way British Columbia prefers it. In the province of Alberta—

THE WITNESS: Is there any maximum as to the amount of land available under this plan?

MR. MURCHISON: Free grant of 160 acres only in British Columbia. If he wants any more land than that he must buy it in accordance with the provincial regulations, either 50 cents an acre or \$3 an acre. That is determined by the province under their regulations. But it will make a grant of a tract not in excess of 160 acres for each settler established under this plan. In Alberta, the agreement provides for tenancy with the province for a period of 10 years on a very moderate rental basis. If a veteran complies with the terms of his rental agreement for 10 years, the province undertakes to convey title to him at the end of 10 years. He does not purchase; he rents for 10 years, and then obtains title. In your province, Mr. Sturdy, the arrangement provides for a rental period of 33 years, but providing for an opportunity to purchase at the end of 10 years at a price to be determined at that time by the province. In Manitoba it is a purchase proposition right from the start by the veteran from the province. The prices vary according to the values placed on the land by the province. In Ontario provision will be that the veteran occupies the land in accordance with the terms of the existing regulations of the province. If he homesteads, under their regulations he has certain duties to perform. He would have the same duties to perform under this agreement, but with the proviso that he cannot get title within a period of 10 years. The same thing will hold too for the province of Quebec. I might say, however, in Quebec that province is subsidizing those same veterans by an amount approximately equal to the grant under the Veterans' Land Act. It gives the Quebec veteran a very nice break.

The agreement has not been completed yet in New Brunswick, but so far as I know there is no area of disagreement as to terms. It is just a matter of the provincial government completing it and sending it back here. There they will also comply with the regulations of the province as to the occupancy of land, if it be homestead, or whatever those terms are. The title will not pass to the veteran for a period of 10 years, and it is confined in New Brunswick exclusively to agricultural land of an agricultural type, whereas in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario or Quebec, these grants may be made to veterans for settlement in the forestry industry, in the fur farming industry, the commercial fishing industry, and so on, so long as they are using provincial land. But in New Brunswick the government there felt it should be confined to lands which are potentially agricultural. Under all these agreements, however, they must follow the basic provision of the Act that a grant is made by the director to a veteran, not to a group of veterans. We set up advisory committees to determine the qualifications of the veterans to participate, and to pass on the suitability of the land on which they are established. Those things having been established, then we make a grant up to \$2,320 to a veteran. We have no authority to make advances to a group of veterans.

THE CHAIRMAN: On that point, Mr. Murchison, you say you make a grant up to \$2,320. Are all grants of \$2,320?

MR. ROSS: That is the maximum.

MR. MURCHISON: That is the maximum.

THE CHAIRMAN: That is the question I am coming at. Do you actually give them all \$2,320, or does it vary?

MR. MURCHISON: It varies.

MR. ROSS: Depending on the percentage of their capital investment.

Mr. MURCHISON: With a few exceptions, it will ultimately reach the maximum, I imagine. At present there are quite a few on a progressive basis. For instance, we deal with Indians on Indian reserves. We have established Indians as trappers with a grant of \$800. I think probably Indian Affairs will be interested to see what care that particular Indian veteran takes of the equipment that has been supplied to him before they will recommend any increase in that grant. But in an agricultural establishment I think it is quite obvious that the total grant is necessary for a minimum establishment on provincial land. The purchase of equipment and the purchase of some building material will rapidly exhaust \$2,320.

Mr. BENTLEY: In your experience with all this, Mr. Murchison,—and it has been over a good many years, and no doubt you know the various Acts in the provinces—do you see any serious objection to the request Mr. Sturdy is making, from the point of view of administration and security for the director and so on?

Mr. MURCHISON: Well, so far as provincial Crown lands are concerned, there is no repayable debt if a veteran complies with the terms of his occupancy agreement with the province. Therefore our primary interest there is in seeing that the veteran is successfully established. We feel that a responsibility rests on the administration to exercise reasonable precautions in order that the veteran does not embark on an enterprise where his success is doubtful; because if he comes under this plan, under the thing that has been proposed here, for better or worse he is in it. He cannot back-track and start over again, coming under some other section of the Act. We cannot start out on the assumption that establishments are going to fail and that we are going to anticipate another establishment on behalf of an individual veteran. Otherwise we would never get the job done. We do not like to approach it from that point of view. The legislation is there to assist a veteran to become re-established, and if he elects a certain option to come under the Veterans' Land Act, the responsibility is on us to see that he is provided with a reasonable opportunity for success. If he elects not to come under the Veterans' Land Act and to use his re-establishment credit under the War Service Grants Act, then there is a responsibility on the people administering that show, to see that that money is disbursed for some constructive purpose that will contribute materially to that veteran's re-establishment in civil life.

Going to the other point that Mr. Sturdy has mentioned here this morning, that the Act also be amended to provide for the purchase of land for resale to co-operatives, then of course the financial interest of the director assumes a rather different complexion, because there is a very heavy disbursement of capital for the purchase of land and for chattels; and in the event of failure, the co-operative going sour for one reason or another, there is a salvage operation ahead of us there. If we purchase a large farm for co-operative purposes and it fails, we must carry out salvage proceedings. We are confronted with the job of finding a buyer for a large farm or splitting it up into a number of units and selling it to a number of buyers. So that there is quite a difference between financing a veteran going into a co-operative organization on provincial land without debt and financing the purchase of a large farm for a group of veterans to set up a co-operative farm on that basis. In one case the co-operative has to make a living, it has to provide for a living for its members. If there is anything over, it is profit. In the other case they have to provide for a living for their members and to meet the capital costs incidental to the purchase of the land.

Mr. BENTLEY: I was just wondering. I presume also, Mr. Murchison, you have some reports on the co-operative farms already in existence. I have a report on one of them here. I cannot put it on the record because they are like any other individuals, they consider their own business is private. I could

let the committee look at it if they want to, but I would not file it. They have shown that they are quite capable of operating a co-operative farm very substantially. They have reduced their machinery capital costs by 25 per cent, which is a very considerable reduction in overhead. They have shown that they can farm the place very successfully and are going ahead with further plans. They operate, of course, on a share capital and loan capital basis, paying interest on the loan capital of 6 per cent. As Mr. Sturdy pointed out, in the co-operative at Matador ranch, and in this one I have here, they pay wages to individuals who do actual work on the basis of the amount of work that they do in the co-operative. These things are all set out here if they would be of any interest to the committee. I have interviewed these people individually and collectively on this matter and, as I say, I have their statement. They are extremely enthusiastic and well pleased with their operations so far and they have plans for the future. I only mention that to indicate that the dangers of co-operative farming are probably no greater than the dangers of individual farming with the same number of people engaged in individual operations. The prospect of salvage operations from casualties or failures would likely not be any greater among those who enter into co-operatives than among those who go at it individually.

MR. EMMERSON: How old is that co-operative? How long has it been in operation?

MR. BENTLEY: That has been going about three years. They have been actually operating as a co-operative farm for about two years. This is last year's statement.

MR. ROSS: Is this Matador area near Swift Current?

THE WITNESS: North of the river, north of Swift Current.

By Mr. Ross:

Q. That would be the area where they went through a series of pretty tough years?—A. Yes.

Q. What I have in mind is this. I think Mr. Sturdy referred to pasture land which is being used. I presume that is one of the large community pastures which were set up under the P.F.R.A.?—A. I might mention when certain sub-marginal land was taken out of production it included certain Crown lands, including school lands, and they were taken in exchange, certain areas in the Matador Ranch. There is a total of about thirty sections there that constitute excellent farming lands of the same classification of soil as the Regina plains, which is the best in the province.

Q. Although they have not got anything like the same average per acre over a period of years?—A. Over a period of 25 years the crop average is either 15·1 bushels per acre or 17·1 in that Elrose area.

MR. BENTLEY: Almost directly east of Kyle. A good deal of that land borders on the Saskatchewan river.

THE CHAIRMAN: You mentioned that this cooperative was started on a share basis?

MR. BENTLEY: Yes.

THE CHAIRMAN: What do you mean?

MR. BENTLEY: They each paid \$100 for a share. Then any further capital they put in by way of land, equipment or cash goes in as loan capital and becomes a first charge against the cooperative, and on that interest is paid at the rate of 6 per cent. Their secretary did tell me they were contemplating reducing the interest charge, but they had not made up their minds and would not until they had another meeting.

MR. TUCKER: How many are there in that cooperative?

Mr. BENTLEY: Ten.

Mr. TUCKER: How much are they farming?

Mr. BENTLEY: I think they have about 2,400 acres. I will see if that statement is here.

The WITNESS: I do not know how much there is, but I know that they have 2,180 acres under cultivation.

By Mr. Emmerson:

Q. Under cultivation?—A. Yes. I do not know what land they have in addition to that.

By Mr. Tucker:

Q. Do they keep stock and equipment?—A. Yes.

Mr. TUCKER: Is that all the property of the cooperative or do people have the right to have some of their own stock?

Mr. BENTLEY: They have the right to have some of their own stock but, of course, the time they spend in their individual work is entirely their own. They only get paid wages for the time they are actually working on the cooperative. If they want to have outside interests it is like anybody else.

Mr. TUCKER: Do they sell milk, cream and eggs?

Mr. BENTLEY: So far that has not been worked into the cooperative. They do that in their own individual homes.

Mr. MURCHISON: I should like to say something off the record.

(Off the record).

By the Chairman:

Q. In this new scheme that you are talking about—and I say “new” to differentiate from the one that was established before—do you contemplate putting the complete operation of the farm in every aspect in a corporate state? It has been mentioned, for instance, that these individuals already established can have their own cows. If they produce any butter, cream or milk they can sell it and it is theirs. It seems to me that as far as wheat farming is concerned it might work because you can go out and produce a lot of wheat by a corporate body. There is a combine and a tractor, and one man can jump on it for eight hours, and then the next man will come along and take over. The profits are their own and they all share. That does not produce the problem that cows, chickens, hogs and other various aspects of agriculture would bring in. I think it would be quite a headache for the manager when it comes to all these other various aspects of agriculture.—A. With due deference to your opinion, Mr. Chairman, I think poultry or stock is just as much a specialized job as that of wheat farming.

Mr. ROSS: It is much more specialized.

The WITNESS: I would think so.

Mr. ROSS: It takes more technical knowledge.

The WITNESS: In this particular group they have selected a specialist in poultry, and it is going to be his responsibility. I do not think that all co-operatives are going to mess around with poultry when they have a specialist in that line doing that particular job.

Mr. BENTLEY: I think there is another point to be considered here.

The CHAIRMAN: If you will pardon me, I should like to finish. The point that I was raising was not that one was not as specialized as the other. What

I had in mind was this. According to this you would have one expert in poultry, and he will be dealing exclusively with poultry. Another one will be a grain farmer exclusively. The poultry man will be working the year round whereas the wheat farmer will not. The man who is a specialist in wheat will only be working for a few months of the year. How will his time be taken up in comparison with the other man?

THE WITNESS: Well, naturally, on a large farm such as this is, involving 30 sections of arable land, there are many activities that will occupy specialists in wheat growing. For example, and I have already discussed it, provision is being made for these chaps to take agricultural courses and improve themselves all along the line. I do not think there would be any difficulty in employing specialists who are on a seasonal job for the rest of the year.

By Mr. Bentley:

Q. I would mention the point brought out by Mr. Murchison about the veterans probably not being in as close an association as those boys who were brought up together; but I think it should be noted that these men are a pretty small percentage of the total number that are going to settle, and they have given very careful consideration to the possibilities and have discussed things among themselves and have decided that they are temperamentally suited to each other and can make a success of it?—**A.** I might mention with respect to the cooperatives that are set up, that, in general, those men who come into that property—a prairie farmer, for example, for some reason or other, likes to remain a prairie farmer; and a man from the bush country likes to remain up in that country—so there will be geographical selections.

By Mr. Emmerson:

Q. One of the great difficulties appears to me to be to group or select men who can get out their share; perhaps, in the case of those one or two who may be misfits, how loosely can they get out?—**A.** It is provided for in their articles of agreement or articles of association. I left those with you, Gordon.

MR. MURCHISON: Yes. Of course, you may provide in your supplementary by-laws, which must be approved by the registrar of cooperatives—you may make provision for a member who wants to withdraw, that is, on paper.

MR. TUCKER: What provision is there?

MR. MURCHISON: I see it here: the directors may, by a two-thirds vote at a meeting duly called, order the retirement of a member from the association. If the retirement of a member is ordered in accordance with the provisions of these by-laws, the association shall repay the membership fee paid by the member and other amounts held to his credit subject to the terms of any special contractual arrangement which the member may have made with the association. That is the only point I see in this set of supplementary by-laws that deals with the refunding of the equity of a member who is withdrawing.

By Mr. Emmerson:

Q. That is, Mr. Murchison, where he is ordered to withdraw; but suppose he wishes to withdraw as a voluntary act?—**A.** Those by-laws provide for the payment of his equity.

MR. MURCHISON: That is the only place I see it, in this set of supplementary by-laws. But my point is: that it does not matter what you put into your by-laws, the thing that really matters, should a veteran want to withdraw, is whether the organization is financially in a position at that time to pay him his equity.

The WITNESS: No, it is quite possible that they would not be in a financial position to pay him his equity. That equity may have to be taken care of over a period of two or three or even four years, just as if anyone purchases a farm, he does not pay for it in cash immediately, but he will pay for it over a term of years.

Well, I would take it that we are a very progressive country. This request has arisen from the men themselves and out of their experiences. We think it is a good way of life; and if they think it is a good way of life, which will enable them to improve their way of life and improve their farming community and their farming lives generally, I think they should be given an opportunity because that is in accordance with our conception of the best of our democratic principles. I know we are all anxious to protect their rights, to see that they get a good break; but I think we are equally anxious to go along with them. So, if this is the thing that they want and it is reasonable, and they consider it to be progressive, then I think we should be prepared to go along with them. I would re-emphasize this point: that it is entirely democratic and that it arises out of their wish and their experience.

Mr. TUCKER: I wonder, in order to complete the record, if you would have Mr. Sturdy file with the committee—and if he has not got it now he could send it to you—the Act of incorporation under which the cooperative farm is set up; and then the by-laws which have been established in this particular case under that Act of incorporation; and then any relative statutes of Saskatchewan which provide for the winding up of cooperatives, because, of course, the government would have to be concerned with the right of a person to whom they made a grant to re-establish him of \$2,320 to get some value for his money if he did not happen to hit it off with the group he went in with. So, it seems to me that in order to have the record complete, you should have those statutes and those by-laws, and then your committee could study them and report on it.

Mr. MURCHISON: I might say, Mr. Tucker, that I think Mr. Sturdy left that material with me yesterday, the very material that you are speaking of, the Cooperative Associations Act of Saskatchewan, 1940; the amendment of 1944; and the amendment of 1945; a copy of the Saskatchewan Gazette, and a copy of the supplementary by-laws of the Sturgis Farm Co-operative Association Limited, which I imagine would be typical—

The WITNESS: They would provide a basis.

Mr. MURCHISON: Yes, they would be typical of the by-laws of most cooperatives as set up. So I think, probably, this set, Mr. Chairman, would answer the purpose as suggested by Mr. Tucker.

Mr. TUCKER: That is fine.

Mr. MURCHISON: I am prepared to leave them with the committee.

Mr. CHAIRMAN: Is it the wish of the committee that copies of this material should be made? If there is anybody in the committee who would like to have copies, I could have copies made and sent to the members of this subcommittee?

Mr. ROSS: I think it would be rather useful to us, provided Mr. Bentley does not mind.

The CHAIRMAN: I will have copies made of them and distributed to the individual members.

Mr. BENTLEY: Would there be anything wrong with that, Jack? There would be nothing wrong with our making these available to the members of the committee?

The WITNESS: I do not think so.

Mr. MURCHISON: That is an audited statement.

Mr. BENTLEY: It is audited by the department of cooperatives who supervise the operation under the provisions of the Act. The last paragraph of this report reads:

The Sturgis Cooperative Farm is keeping their accounting record in a double entry basis. The secretary with some instructions from the department has had no difficulty in handling the records.

As I have talked to each of these people I know that is a correct statement, so far as that is concerned.

Mr. TUCKER: May I make a statement off the record, Mr. Chairman?
(Discussion on procedure proceeded off the record).

Mr. MURCHISON: There is one very important consideration from the standpoint of administration and of the veterans concerned. As Mr. Sturdy has pointed out, this cooperative in its embryo stage is on the land.

The WITNESS: That is right.

Mr. MURCHISON: And it is now the middle of May. If this thing is going to be studied by the committee, and I imagine it will take a little time, then that would have to be followed by any action decided on by the government. In the meantime, what should my attitude be with regard to these specific veterans here. They are looking for some financial help. If I proceed under the provisions of the existing agreement with the provinces and these men are allocated a tract of land each, and an agreement respecting that land, a lease agreement is made, and on the basis of that agreement I make a grant to these individual veterans of \$2,320; if I did that it would probably complicate the transformation of all these individual things into a cooperative later on. On the other hand, if I delay in making any assistance to them under the agreement as it stands now in the expectation that there may be something else develop, there will be no financial assistance to them probably this summer.

Mr. ROSS: The veteran would be on the spot, holding the bag.

Mr. MURCHISON: I want that clearly understood. That is a matter of administration. We have an agreement now with the provinces. If we go ahead under the agreement with individual veterans and make these grants, that is one story. That may complicate the transformation of that thing into a cooperative later on. If we do not proceed under the agreement as it is we will have to take the onus of saying, no financial assistance is available to you fellows at the present time.

The WITNESS: And for that reason, Mr. Chairman, there are two proposals before the committee. One certainly is a question which is far reaching in its ramifications, and involves the possibilities to which Mr. Murchison has been referring of a grant of \$2,320 being made available to the cooperative, and with the possibility of getting a decision on that it would certainly help us out greatly, help these cooperatives into being greatly. We would be able to formulate our future policy on the basis of that. With respect to crown lands I do consider this of very great immediate importance without involving other provinces in any way that I can see. Can you see anything?

Mr. EMMERSON: Of course, if there is an amendment made to the Act, you cannot confine it to one province. It has to work everywhere.

Mr. ROSS: This is a national undertaking.

The WITNESS: I agree. But I do not think it would complicate other provinces.

Mr. EMMERSON: There are two things.

The WITNESS: That is right. The second one, of course, is the larger issue to enable the Veterans' Land Act to purchase land on a co-operative basis.

The CHAIRMAN: On the first point raised by Mr. Murchison, I must admit that the subcommittee here is certainly not in a position to give any lead or directive to the director on what is likely to happen. I mean, there is nothing we can do about it. We have got to consider this question in the light of the evidence presented to us and then report to the general committee. It will be left up to the committee. I realize the predicament of the director, but unfortunately I do not think we can throw any light on that. We will, I am sure, try to get our meetings as closely together as possible. It is a difficult thing at the present time, as you noticed this morning, to get committees together, especially subcommittees, in view of the fact that there are so many things going on all the time. We will try to speed it up as much as possible and report to the general committee; then it is left entirely to the recommendation of that committee.

Mr. MURCHISON: Of course, I am in no immediate predicament if the provinces refuse to give individual veterans an agreement relating to an individual parcel of land. If they take that position I, of course, cannot make any grant under the agreement.

Mr. TUCKER: I wonder if you could give the committee an estimate now, or send it to them, of the amount of land that you figure is fit in Saskatchewan to be brought under cultivation and that has not been brought under cultivation?

Mr. EMMERSON: Crown land?

Mr. TUCKER: The amount of Crown land and other land that is still uncultivated and within an area where we can farm it satisfactorily and it can still be brought under cultivation; because there have been arguments even in our committee on that point, as to whether there is much available arable land within the area of Saskatchewan that could be farmed satisfactorily. I am sure that would be very helpful to the committee in regard to studying this question.

The WITNESS: I think I can give you that information right now.

Mr. ROSS: Could you break it down into various sections of the province? I can foresee some argument with regard to the suitability of the land in some sections of the province.

The WITNESS: I will divide it into two categories.

Mr. ROSS: Just generally.

The WITNESS: One, land immediately available for economic farm units: approximately 1,000 economic farm units, of which 750 will have been allocated to date, so that there are approximately 250 to come. That is land immediately available.

Mr. MURCHISON: Provincial Crown land?

The WITNESS: Provincial Crown land.

Mr. ROSS: That is all land that is broken?

The WITNESS: No.

Mr. ROSS: Some of it will be, and some will not. Is that right?

The WITNESS: Yes. Most of it, as a matter of fact, is under cultivation or partially under cultivation. That is the absolute maximum of land immediately available.

By Mr. Tucker:

Q. Would it include school lands and everything?—A. That is right. Secondly, there are the pioneer lands, bush lands. This is only an approximation.

There is in one area that has been soil surveyed—and a part of that soil survey is pretty accurate, but not all of it is—250,000 acres, a quarter of a million acres. That is that area east of Carrot River.

Mr. MURCHISON: Also provincial Crown land?

The WITNESS: Also provincial Crown land.

By the Chairman:

Q. What would be the average size of an economic farm, that you would figure?—A. That varies greatly in our province. In general, I would say a half section, except in the very excellent area up around Nipawin, Melfort, and so on, in which 240 acres would be a good economic farm.

Mr. MURCHISON: 200 acres is pretty good.

By Mr. Tucker:

Q. The average cost of bringing this raw land under cultivation, in this area where there is a quarter of a million acres, would be about how much?—A. Well, if you average it out—I would rather hate to give an estimate on that. It might average out at between \$10 and \$15 an acre.

Q. As I understand it, the province is prepared to clear it on terms whereby it will make an agreement to lease it for a certain period of years, or would it clear it and break it?—A. Well, we had hoped to come to some agreement with the federal government for assistance on that project; but nevertheless, we are going ahead with the clearance project.

Q. And that would mean breaking up the land? Or would you just clear it?—A. Clear it.

Q. Then I understand that you have not yet decided on a policy whereby these people can know at what price they will be able to get title to this land?—A. Well, we have, in general, this policy: that the price of the land at which a soldier can eventually purchase will be determined by the productive behaviour of the land in the area. We are determined to safeguard the interests of the settler in this regard. I have talked to a great number of returned men. I do not know what their opinion will be 10 years hence, but invariably they state that they intend to continue under the lease agreement. They think that the lease is a fair one and it is their intention to continue under it.

Q. That is, never ask for title; is that the idea?—A. And never ask for title.

Q. I see.—A. That is just the opinion expressed by 9 out of 10 of the men with whom I have discussed it.

The CHAIRMAN: Gentlemen, are there any more questions you wish to ask? If there are no more questions, I think we will bring this meeting to a close. Before I do that, I certainly want to express the thanks of the subcommittee to Mr. Sturdy for coming down here this morning. If I may say so—and I am sure this will meet with the approval of all of the members—Mr. Sturdy is one of the best witnesses we have had in committees. As a matter of fact, after listening to many witnesses in committees, I would say it is a knack that is not given to everybody. But I must say that Mr. Sturdy qualifies very highly in that respect. His evidence has been most useful and I am sure that we are all very grateful for it. We thank you very much, Mr. Sturdy.

If it is the wish of the committee, we will now adjourn. I will advise the members of the next meeting.

The committee adjourned at 12.50 o'clock p.m. to meet again at the call of the chair.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 6, 1946.

The Subcommittee on Cooperatives of the Special Committee on Veterans Affairs met this day at 8.30 o'clock p.m. The Chairman, Mr. R. Jutras, presided.

The CHAIRMAN: This is the second meeting of this subcommittee which was set up at the last session, and the purpose of which was to study the question of a recommendation to the committee relating to the use of gratuity credits for the purchase of shares in a cooperative and relating also to the amendment of the Veterans Land Act. The last time, for those who were not here, we had the Hon. John Sturdy, Minister of Reconstruction in the Saskatchewan government who explained as to their one or more farming schemes in Saskatchewan. Today we would like to hear from the administrative point of view. Mr. Murchison is here to give his interpretation from the point of view of the administration and as it would apply to his department.

G. A. Murchison, Director, Soldier Settlement and Veterans Land Act, called.

The WITNESS: Mr. Chairman and gentlemen: I have appeared before this committee on a few previous occasions, and any doubts I may have expressed as to the workability of this proposal were not aimed in criticism towards the idea of a cooperative society. I am a firm believer that cooperatives perform a very useful function in our Canadian system. There is plenty of evidence of that to be found in the maritimes and in other provinces where both producer and consumer cooperatives have been organized, and which have carried out very successful operations.

I have always had some doubts as to the workability of a purely agricultural cooperative of the type where land, labour, income and outgo are all pooled. I am like a great many other people in that we have no pattern on which to judge the merits of this idea other than what we have seen in the way of communal groups in western Canada which were, of course, tied very definitely to certain ideologies or religious beliefs, but even there in the passage of time those of us who are acquainted with western Canada realize that even the Doukhobor colonies at Mikado, Verigin, Canora and the Yorkton district have broken down for certain reasons, and today the Doukhobor movement so far as it is really successful in agriculture is, I think, on an individual independent basis. I do not think we can take as any guide the activities of the group that has been causing a good deal of difficulty in British Columbia over the past number of years.

Then we have the history of the Mennonite movement in western Canada and there, too, these communal settlements have broken down largely speaking, and today their success in agriculture is based very largely on the independent individual unit.

I do not think it is fair on my part to create any inference here that I am drawing comparisons between the Doukhobor or the Mennonite colonies as such and Canadian veterans. I believe this idea has been put forward by our people in Saskatchewan in the sincere belief that it will overcome some of

the defects which are inherent in certain types of agriculture in western Canada, but rightly or wrongly I feel that the success of these things is very definitely bound up in the willingness to live together on a more or less communal basis, to cooperate and share both difficulty and prosperity.

Quite frankly I cannot bring myself to believe yet that our young Canadian veterans in any large numbers would be so minded once they became so closely associated as would be necessary under a scheme of this kind. I think we have to remember, too, that any movement in this direction could not very well be confined to Saskatchewan or to any other single province. The Veterans Land Act is a federal measure and any amendment made to it would have to apply all across Canada. I leave it to you gentlemen who are members of the House of Commons to draw your conclusions. You know your respective provinces just as well or better maybe than I do.

There has been some argument advanced from time to time in connection with this proposal that the idea of individual ownership of land is becoming less popular in certain parts of the country. I have a report here from our Saskatchewan office. It is just about a year old, but I think the information contained in it is reliable, and I think that there we have some general index as to whether there has been any basic change take place in the philosophy of our Canadian people in regard to land ownership.

The history of land tenancy in Saskatchewan indicates four things, (1) the further the area is advanced from the homestead days the greater becomes the percentage of tenancy over a long period. (2) In bad times tenancy increases and again decreases when good times return. (3) The percentage of tenancy is higher in the more hazardous areas than in the better soil and more sure crop areas. (4) —and this is very noticeable—that tenancy is a stepping stone to ownership. A young man starts out as a tenant and becomes an owner as soon as possible.

In 1926 there were 16.7 per cent tenant farmers in Saskatchewan. In 1931 there were 15.4 per cent. In 1936 there were 20.4 per cent, and by 1941 the percentage had risen to 24.4 per cent. That was the end of an era of very difficult times in western Canada. By 1943 it had dropped to 23 per cent, and while I have not got any more recent figure I think it goes beyond any question that there has been a further decrease in tenancy in western Canada during the past two years. In the good times from 1926 to 1931 ownership increased. During the bad thirties ownership decreased. Since 1941 ownership is again on the increase. In 154 rural municipalities in the drought areas of Saskatchewan 28 per cent of the land is operated by tenants. In 138 rural municipalities in the central area of Saskatchewan 20 per cent of the land is operated by tenants. In the northern areas only 10 per cent is operated by tenants. Those are just a few figures that I put forward as some indication that in spite of the difficulties inherent in Saskatchewan agriculture in certain parts of it there is not yet any definite trend away from the idea of individual ownership of land if it can be accomplished by the individual.

As I pointed out during our last meeting, so far as the administration is concerned, there would be less objection to co-operative farming groups if they were conducted on provincially owned land on which financial assistance could be given under section 35 of the Veterans' Land Act, and pursuant to the agreement between the provinces and the dominion under that section. That is the arrangement under which we are authorized to make a grant of \$2,320 to the veteran, and on that basis he has no investment to repay. Our interest, of course, is in seeing that the veteran is started off with a reasonable opportunity for successful establishment. So long as he has no repayable debt to the administration then I think it is quite obvious that one of the administrative difficulties is pretty well taken care of. But the plan as put forward by the Hon. Mr. Sturdy also contemplated that under this co-operative plan lands

would be purchased by the administration and sold to co-operatives. This would, of course, involve a heavy capital expenditure.

Mr. BENTLEY: They keep these two divisions separate, do they?

The WITNESS: Yes. This would involve a quite heavy capital expenditure and of course it would be on a repayment basis in accord with the principles contained in the Act. So long as a co-operative functions successfully I think I would go so far, Mr. Chairman, as to say that in my opinion the repayment of these loans might well be facilitated by having the farm co-operative as a unit, but in the event of a difficulty arising, then I can foresee a lot of trouble. I have also mentioned on various occasions before this committee that I doubt just how the veterans could withdraw from a plan of this kind once they had come in. Now, it is true that the supplementary by-laws that we discussed at the last meeting contained provisions along these lines, but until some of these have been tested, until it has been shown that this arrangement will work when these different difficult times occur, when these difficult circumstances arise, that these provisions will permit the member to withdraw without undue loss to himself or his family, then I feel from an administrative standpoint and thinking purely in terms of the veteran, that he is possibly exposing himself to a hazard of which he has not a full appreciation.

It is very difficult for me to say a great deal more on this subject, Mr. Chairman, because after all I am just an administrator. What is suggested here in the way of amendment to the Act is not only another method of establishing veterans under the Veterans' Land Act, but I think the policy introduces a new social idea; and on those lines, of course, I am not, as an administrator, competent to pass an opinion; such opinions are for the government, parliament, to decide. I think I should in fairness mention, however, that precedence at least in principle already exists in the National Housing Act, 1944, which provides in sub-section 3 to section 4 to part 1 of the Act, that a joint loan may be made by His Majesty and approved lending institution with which His Majesty has entered into a contract of this kind to a trustee or corporation set up or incorporated for the purpose of constructing or managing a co-operative housing plan. I am informed however that up to the present time there have been no loans made under the National Housing Act of Co-operative Building Societies. But even if there were, Mr. Chairman, such loans would be made with the purpose in mind that each member of the co-operative is looking to individual ownership of his house when it is completed, when he is going to pay for that house, it is going to be his when the loan is paid up. So that there is after all some difference between what is contemplated, I think, under the National Housing Act along the lines I have mentioned, and those which have been put forward by the Hon. Mr. Sturdy and by our good friend Mr. Bentley here from time to time in support of the co-operative farming plan in Saskatchewan.

In conclusion I think I should say that with the number of amendments which have already been made to the Veterans' Land Act over the past couple of years we now have a measure that is tremendously flexible in scope. We have statutory power to assist a man to become established as a farmer on purchased land, on mortgaged land, on provincially owned land. We also have power to assist a veteran to become established as a tenant farmer—under the amendment which was passed by order in council quite recently. Speaking as an administrator I do not suppose one more amendment would make a great deal of difference. If the government in its wisdom decides that is something that is worth trying and justifies an amendment to the Act, all I can say to this committee, Mr. Chairman, is that we would certainly try to administer it to the best of our ability.

The CHAIRMAN: Are there any questions?

MR. BENTLEY: Mr. Chairman, I just want to make one observation if I may, because I am sensible of the difficulty that is confronting the administration. We in Saskatchewan, and I suppose others also, feel too deeply about this matter to want to make anything in the nature of a quarrelsome issue out of it. I do want to observe this, however, in connection with one or two things that were brought up by Mr. Murchison. He has dealt with the position of the Doukhobors and the Mennonites, who, as he says, were not so successful. Mr. Murchison is correct. What he says is true. In Saskatchewan the Doukhobor communities, as communal living and farming enterprises, have not been successful. There are a few Mennonite ones left. But again, they are not flourishing in any way that would resemble what we in the co-operative movement consider would be a co-operative farm. This point has to be remembered in that connection, that both the Doukhobors and Mennonites communal system was based on a spiritual leadership; that is, rulership from the top down, a decision made by somebody or a small group of people within the community who made that decision and to whom everybody else was subject. In the co-operative movement we are distinctly opposed to that, in that we operate purely on the democratic principle, encouraging every member to take an active interest in the affairs of the co-operative, such as it is, and to elect only men from time to time, or people from time to time, whom they have confidence will carry out the wishes of the people and not impose any rule on them, which is distinctly different from the other way.

We have certain cooperative statutes by law in the province of Saskatchewan that the other provinces have not, and these are agreed to by people who operate this kind of concern, be it in farming or any other particular type of cooperative. These cooperatives are all supervised under this law, just the same as is done under the Companies Act or just the same as our actions as citizens are supervised by officers of the law so that we do not go out and with impunity break them. That makes a distinct difference in so far as the operation of a cooperative is concerned.

Again, Mr. Murchison brought up the question of the two types that were recommended or suggested by Mr. Sturdy. One was in the matter of settling veterans on provincial land, in which case the director would make a grant to each one of \$2,320 and would not be liable for any collection; therefore there would be no loss outside of the write-off of \$2,320 to the Veterans' Land Act administration itself. The other one was in making the advance under section 9 of the Act whereby the veterans cooperative would purchase land and therefore would be liable to repayment. I should like you to keep those two separate, because again we are anxious about this and we should like it to go. While I should not like to see the committee fail to discuss both of them, certainly I should not like to have you discard both these kinds simply because you did not like the latter one which I have mentioned. If you would prefer to allow the first one to become the subject of an amendment to the Act and withhold judgment on the other until some experience is gained, I do not think Mr. Sturdy in his department or Mr. McIntosh in his department would object very seriously, although they would be disappointed and so would I. We are, as I say, too anxious to have something of this nature go on, to make a contentious issue of it.

The next question I think is the matter of the change that would have to take place in relation to the desire to own private property. I do not know if I can make you see clearly our point of view. Our history in Saskatchewan has been to a large extent one where private ownership has been taken from us through the force of circumstances. Again, I am not here trying to introduce any political or social issue that would cause you to maybe resent what I am saying. I am trying to point out that our experience has been that. But we have an intense desire to own our own property. We love to own our own homes

and say they are ours, and to own our own farms; but so many of our people have become tenant farmers who were once owners. I think that the figures Mr. Murchison cited there with regard to the number of tenant farmers fluctuating with the times, while it is a sort of guide, is not too accurate a guide, and I say that for this reason. I do not think that within that report there would be contained those farmers who had once owned their farms with a mortgage on them and had become so involved that they had, at some time, to sign a lease and become tenant farmers. It would not show up in the report of your field workers. You can tell me whether I am correct. I am assuming that would be so. I am not making the categorical statement. Perhaps you are not too sure of it yourself.

The WITNESS: I do not think this would be included, because what you say is perfectly right. In certain areas and certain eras or ages or certain periods mortgagors got into difficulty on a short-term basis, maybe for one or two years, and the mortgagee entered into possession and collected the rent. And when the default in the mortgage agreement was rectified, the operator was restored to possession.

Mr. BENTLEY: That is correct.

Mr. PEARKES: Might I interject a question?

Mr. BENTLEY: Surely.

Mr. PEARKES: Does the term "tenant farmer" include a man who owns a farm and rents another bit of farming land in order to get, perhaps, more hay land or more land for something else, or do you mean by a tenant farmer a man with complete tenancy?

The WITNESS: Complete tenancy.

Mr. PEARKES: Complete tenancy. He owns no land at all?

The WITNESS: That is right.

Mr. BENTLEY: Yes. Those would not be included in a report of this kind. We do not usually consider them because that is a sort of general practice. Any farmer may rent some piece of land for a specific purpose, or a house or something like that for his children to go to school.

I was going to go on from there to point out that the amount of arable land in Saskatchewan, while the area looks big, at the present time is not plentiful when it comes to settling all the boys we think would like to settle there if they could. We know, as Mr. Murchison says, that probably 90 per cent of these veterans who would like to settle on the land would not care to go under a cooperative scheme. We are prepared to accept the figure as a very large percentage. I say 90 per cent only as a guess; I do not know. It may be 85 per cent or it may be 97 per cent, but I am saying 90 per cent. Anyway, a large majority would not be prepared to go under a cooperative farm. But the department Mr. Sturdy administers carries on publicity work to find out from among those, those that would be interested; and when they find interest enough among those to write in or interview them, they say that group there has some interest. Then they are interviewed and a further investigation is carried out to see if they are interested enough to attend school and learn something about it. When that has been done, when they go to school, that is an indication that they have the particular nature that is willing to try this; they have, we will say, the cooperative spirit. They are willing to take a cooperative venture which, after all, is what we all have to do in some line. We have to risk something. They are willing to take that risk because the thing looks good enough to overbalance what they might think is not so desirable in it; they would like to try it. The hope of the future is in them. So when they have had this school, as Mr. Sturdy told you—and they only had one—from those who went through they picked out those who said, "We are willing to try," and they are

trying them yet at the present time. They are not even yet compelled to adopt the thing that they think they would like. They are still trying them out to see if they will work together up on the Matador. If a considerable number of them decide they would like to do it, then of course if the machinery is not set up through amendments to the Veterans' Land Act, it is going to be very difficult for us to carry out the project. Remember this: there are probably only 16 or 17 per cent, and that might resolve itself into 13 or 14, a small percentage of the farm boys who left Saskatchewan for the armed forces and became veterans, who want to do this. It is a very small percentage. But even that small percentage is important enough, I think, for us to give them an opportunity to try that if they would like to do so. I do not honestly believe, that the percentage of risk will be greater there than it will be for the numbers that we will settle all over Canada as individual farmers. These fellows believe that in this way they will have a vested interest in some property, which they will like better than being individual tenant farmers with the hope some day of owning the property. Some have one idea, some another. Some of us belong to cooperatives. Some carry on in our own way. But these men are in the same position; and because of that I would hope that this committee would recommend at least an amendment to the Veterans' Land Act to permit the veterans, that is those who are going on provincially owned land in a province where the agreement is signed with the Director of the Veterans' Land Act for the settlement of Crown land under provincial control for this purpose. If you can go further on the other, I would present a case for them. But I am concerned at the present time with the project that actually is under way.

Mr. QUELCH: Under the first scheme will provision be made whereby the colonist would turn over the title to the cooperative after a period of time?

Mr. BENTLEY: They are under a 33-year lease. At the end of ten years when their connection with the Veterans' Land Act has disappeared because of the payments they have made there under the conditions; then the province undertakes to give the individual who does it or the cooperative as a corporate group the right to either purchase or continue on lease and a decision will be made then based on what agreement the individual or the cooperative takes.

The CHAIRMAN: That is for Saskatchewan?

Mr. BENTLEY: Yes, that is for Saskatchewan. I cannot speak for the other provinces because Mr. Murchison has to sign separate agreements with each province.

Mr. QUELCH: I believe in the province of Alberta there is a similar agreement that land can be purchased from the provincial government on a crop-sharing basis. I believe a certain share of the crop goes to the payment of material and after, I think it is, seven payments have been made on one-third of the crop all the land becomes the property of the individual. Personally, I do not think there is any great problem about the question of resettlement of veterans either where they have relatives who can help them—maybe a father who is a farmer—or where they have a fairly substantial amount of capital. I think we would all agree that where we have a veteran who has no relatives to back him up and whose financial resources are very definitely limited that you have a veteran who is going to find it almost impossible to become re-established in full-time farming under this Act. In Alberta they are having to turn down applications by veterans because they are in that class. If you are only getting \$4,800 to buy land and \$1,200 to buy stock and equipment, if you have no other resources that \$1,200 is not sufficient to buy stock and equipment.

Mr. BENEDICKSON: Who is doing that?

Mr. QUELCH: The Veterans' Land Act. I am not criticizing the Veterans' Land Act officials for taking that stand; they are under an obligation to settle veterans who will have a good chance of success. It should be made very clear

that the Veterans' Land Act officials do not want a recurrence of what happened after the last war. I believe for a body of veterans perhaps a cooperative would be the only solution. I would favour the idea of a cooperative farm being set up where a clear-cut scheme could be worked out or formulated which would fully protect the equity of the veteran on the one hand and the equity of the Veterans' Land Act on the other hand, and I believe that is possible in both cases. That is in the case where the Veterans' Land Act officials buy the land and it is repaid over a period of time or where the provincial government donates the land to the veteran and he would only need to obtain a grant of \$2,320. I think in both cases it would be possible to work out a definite equity for the veteran and look after the equity of the Veterans' Land Act officials. But I would see a difficulty where the land is not taken over by the government but merely rented. You can figure out that the veteran might have had \$2,320, and suppose he stays in the outfit for ten years, and then for some reason or other he should quit, he would have to have that \$2,320 back, and there should be a certain return for the amount of work he has done during that period of time; but he could not have it in the form of an equity in the land because the cooperative would not own the land, but if a certain amount of land were apportioned to him he could get some veteran to take his place.

MR. BENTLEY: The point you brought up, I think, is covered pretty well in this way, that as long as the land is under lease to the cooperative from the province then all improvements put on it are reckoned at the final reckoning day at the end of ten years. Each one of the veterans who forms part of the cooperative is a partner in the enterprise and therefore has a partnership ownership in the concern. Our cooperative laws in the province provide for any cooperative paying out the equity of any individual who because he wants to withdraw does withdraw or because he is considered not compatible with the rest and is asked to withdraw. The equity would be there. The province, having ownership in the land, would have an agreement with the cooperative that all the improvements they put on in the way of buildings, fences, wells, etc., would be a charge against the province itself; they would be liable to see that the cooperative itself was paid for this value in case they all went away and decided not to lease the land or buy it in the ten years—the province would be liable for the improvements, and the veteran's equity would be secure.

MR. QUELCH: If there are ten veterans and they put \$2,320 into the venture, if one dropped out he would be entitled to the \$2,320 back.

MR. BENTLEY: I would not want to go that far. If you go into any partnership and you put in \$2,320 and because of your operations you fail to the point that when you liquidate your equity is only \$1,900 you have only \$1,900 for each partner; if it is \$3,000 you have \$3,000 for each partner.

MR. BENIDICKSON: Who decides on the equity year by year?

MR. BENTLEY: That would be done by arbitration if they could not agree.

MR. QUELCH: If there were ten in the scheme the equities would be based upon one-tenth of the stock and equipment plus one-tenth of the improvement on the land.

MR. BENTLEY: Except in this eventuality, that some of the members of the cooperative may decide that they want to work part time as carpenters and wish to maintain that income, and while they are working in that capacity they are not putting anything into the cooperative. It would be based on the amount of time they put in—full time, full equity.

MR. QUELCH: I am quite keen on the idea, and whatever I say I do not want it to be understood that I am opposing the scheme, but I think it is important to have some clear-cut idea as to whether that equity would be worth having. I am satisfied there will be quite a large number who will withdraw from the cooperatives. I have been farming pretty nearly forty years and

I will say that farmers are, perhaps, the least cooperative body of people in the dominion. They seem to find it harder to get on with their neighbours than anybody else. I know that.

Mr. BENTLEY: Some of them do.

Mr. QUELCH: I have seen families of brothers working together on a cooperative basis split up and in a short time they will not talk with each other. Trouble develops over threshing, or something like that.

Mr. BENTLEY: I have seen that happen in a blacksmith shop.

Mr. QUELCH: We have to face the fact if we set up these cooperatives that a large number will want to drop out, and therefore it is important to have the matter clear-cut so that we will understand the situation when one man wants to drop out. We would not want him to start over again with practically nothing; he must have something to show for his work.

Mr. BENTLEY: That is a fact, and I think the director is quite capable of dealing with that.

Mr. ROSS: I am inclined to agree with Mr. Quelch. In 1942 I worked on this Act and I think Mr. Quelch and I spent quite a time discussing some cooperative method of purchasing equipment.

Mr. MURCHISON: Yes. Mr. ROSS: That was in 1942; and now the thing has become more difficult because the price of equipment has increased considerably and will be increasing, and the price of land in the prairie provinces has increased 25 per cent. I am speaking of the better areas; and it is the better areas that we want these chaps to settle in. It is almost impossible for a chap to settle in our part of the country, and I presume in northern Saskatchewan it is more difficult to settle a man now on an individual unit.

Mr. MURCHISON: That is true.

Mr. ROSS: With a ceiling of \$6,000 you cannot buy equipment. The thing we had in mind in 1942, especially with regard to power equipment, was that a man could not establish himself at all for \$1,200 for equipment, and we had in mind that we should be able to work some cooperative whereby they could purchase this power equipment, but we did not do anything at that time. Frankly, I am greatly worried about this scheme which Mr. Bentley has brought forward; I think there are great difficulties from the administrative point of view. I have some experience working in cooperatives like that. There are many difficulties that do arise. I do believe from all the information I have received so far this thing would not work out satisfactorily from the land point of view. I should like to see us be able to evolve some scheme so that we could get these chaps settled where they could have modern power equipment, but I do not think it comes under this present scheme. Do you not think there are great difficulties about land titles? You can divide ten ways if you like, but if a chap wants to withdraw the whole thing becomes involved with the Veterans Land Act administration and the government and the cooperative. I foresee a lot of difficulty. I would not want to be a party to having to straighten it out. I tell you that quite frankly. On the other hand, I feel very much concerned because we cannot settle many of these chaps with the values of land and implements as they are. We do not want to settle a chap on a farm where he has got to go back to primitive methods of agriculture. He is entitled to modern methods if we are going to settle him. The whole thing is an almost impossible problem from what information I am able to receive.

Mr. QUELCH: May I say one more word with reference to farmers being non-cooperative? Perhaps I should say a few words more as to what I mean. I have in mind the fact that in the east especially you have strong labour unions. In the west we have tried our best year after year to set up strong farmer unions or organizations. We have always found it a very difficult thing. They sent

farmer organizers to point out how labour organizes, but it seems almost impossible to get farmers to organize on a similar basis to labour. It is hard to get them to work together.

Mr. BENIDICKSON: You say that the Matador scheme now is composed of veterans, but I am thinking as time goes on we will be less veteran conscious than we are at the present time, and suppose veterans withdraw and the only people who are interested are non-veterans. To what extent is that going to complicate participation of the Veterans Land Act in that scheme?

Mr. BENTLEY: I do not know that I am competent to answer all questions. I am only pointing out that we have this in operation in Saskatchewan. In spite of what Mr. Quelch has said our experience in farm organization has not been too bad. As a matter of fact it is equal to any industrial or labour unionization. That can be borne out by the actual facts so far as we have gone in the cooperative field. I can point out countless numbers of farms in my constituency where the father and two or three sons or sons-in-law operate, not under cooperative law because it is an agreement, but there is very little quarrelling. In fact, I do not know of any particular quarrelling at all. That is a cooperative except it is not called that. It is a family scheme, but they operate large areas. I know of a family of brothers in the Leader area who operate in that semi-arid area and do very well simply because their machinery overhead is extremely low because they work together.

Mr. QUELCH: And do you not also know of cases where they have gone the other way?

Mr. BENTLEY: Yes, I have read of women killing their husbands on occasion, and they always make the headlines. The woman that does not kill her husband never makes the headlines. Nobody ever hears of her at all. However, I do not think these difficulties that Mr. Ross brought up should deter us because we have a serious problem on our hands no matter how the director is going to go about settling veterans on land, whether individually or in cooperatives. He is going to have the same problems this time. He knows what they are like, and they are not going to be any less than they were in the past. Because a matter presents difficulty is no reason why we should be afraid of it if it has some possibilities for good. I think Columbus discovered that when he sailed over here in little ships to discover America. You can always be afraid of something, but here we should not be afraid of things if there is a possibility for good in them. If there is we should have the courage to try it. I do not believe that it will open the whole thing up. I am not for one minute suggesting that if we put this amendment in that holus bolus here and there all over the country the director is going to say "yes" to every group that wishes to start a cooperative farm without preparation. I am only saying it should be put in the Act, and then I am saying that the director is capable, when he looks over the application, of deciding whether that one is a proper one or not.

Let me go a little bit farther with the Matador area for the benefit of Mr. Benidickson. If I had a map I could do it better, but if you can visualize it the Saskatchewan river runs something like that. This is the Matador up here. Coulees run in from that. If you were to break the Matador country up into individual farms you would have one man settled in the coulees where there is no possible chance of ever doing anything in the way of grain farming or any other farming. They could graze cattle in the time of the year when these coulees are good grazing but they would have no place to produce feed to carry them through the winter and put them on the market. On the other hand, you would have another man on the flat piece of good grain land where he could produce grain, but he would have no interest in the grazing part of the coulee. Those are just two factors that are there. Then in between those two extremes there are varieties of land, some flat and some coulee land, and

so on. As a unit the whole thing can be very successful. I should like to have it myself. I would love to have it. I would run cattle and raise grain and do very well, but I am convinced that a small group in there can do equally as well as an individual and make a decent living. I could get rich alone on it, but they can make a good living. I am sure of that.

The CHAIRMAN: Could they not get all these advantages more or less on a partnership basis? I have the other cooperatives in mind that you referred to the last time, a copy of the statement of which we have. Were they not partly partnership and partly cooperative or partly cooperative and partly individual?

Mr. BENTLEY: Yes, because they were farmers that had farms here and there and they had to consolidate. One of the first things they did was to buy a piece of land from a doctor who moved to the coast. He had a very good farm, and they bought that from him. Then they built the cooperative around that. In the meantime they have to live on their individual homes where they have their gardens and chickens and pigs and other individual family affairs that the farmer carries on. Whether they will merge the whole thing later on will depend on how they decide themselves.

The CHAIRMAN: Do I understand that most of the individuals gave up their home land to the cooperative?

Mr. BENTLEY: What they did was they set their shares at \$100 each which they paid in. Then they took in the land that they were prepared to put into the cooperative.

The CHAIRMAN: Their own land?

Mr. BENTLEY: Yes. That became cooperative land. That became land capital. As far as they were concerned their \$100 was their share of voting stock. The rest of it is land capital and becomes a first charge against the cooperative to liquidate to the individual which becomes his own personal property when it is paid over. The land becomes owned by the cooperative. When they build their housing scheme which they are undertaking at the present time—and incidentally they are making application under the Housing Act for a housing scheme—that, of course, will be distinctly cooperative because the cooperative housing scheme will start out as a cooperative on raw land and with new buildings, obviously.

The CHAIRMAN: Could they not get this \$2,300 on that basis for themselves and lend it?

Mr. BENIDICKSON: I can see there is a difference between a partnership and a cooperative if the land is held in common and not individually owned. That is where the administrative difficulties come in, I am sure. In the partnership do they not transfer their privately owned land to the benefit of the cooperative, or outright to the cooperative. That is simply additional capital that they lend to the cooperative, the value of the land, but if it is a cooperative by assignment of lands they originally held the land then becomes held in common. That is where the difficulty commences as far as the Veterans' Land Act administration is concerned.

Mr. QUELCH: Under the provincial scheme in Alberta where they are clearing 100,000 acres what would there be to prevent ten soldiers each getting half a section and then each getting the \$2,300? There is nothing to prevent them using that \$2,300 collectively. If they have their clear title to the land there is nothing to prevent them pooling that land.

The WITNESS: In the province of Alberta the agreement there provides that the veteran shall occupy the land as a tenant of the province for ten years. At the expiration of ten years, if he has fulfilled the conditions of his occupancy agreement, the province undertakes to grant him title.

Mr. QUELCH: If any province, Alberta for instance, allows these veterans instead of actually living on that half section to live together in a community

within the area, say within ten miles; there would be nothing to stop that? It might need an amendment to the provincial Act, but it would not need any amendment in so far as the Veterans' Land Act goes, would it?

The WITNESS: I would want to examine that a little more clearly because we have already a few cases in Alberta where there is a tendency to secure the benefits of this dominion-provincial land agreement by taking land, say a cheap quarter section of bush land, on which the veteran does not propose to live; he proposes to live with his parents, maybe some little distance away, and to use the equipment that would be purchased by the grant largely to operate his father's land. Now, we frown on that. We do not consider that that is within the spirit of the agreement. We give a man a grant for the maintenance, the development and ultimately the ownership of a parcel of provincial land. As to the proposal you have just made, I should say if they were actually living on the provincial land and they were developing it in the spirit of the agreement, I should say that would work all right. The difficulty arises in the pooling of the grant for the purchase of this or that machinery; that is to say, if one man decides he is going to use his grant for the purchase of a heavy tractor, or mostly for that purpose—

Mr. QUELCH: He would have the title to the tractor.

The WITNESS: He would have the title to the tractor, but the other fellow puts his money principally into lumber or materials which he is going to share with the fellow who has bought the tractor. These are the practical things which creep up when you are trying to deal with anything of a quasi co-operative nature in place of making a contract directly with a co-operative society. These are the practical difficulties which creep up; so that when the fellow who has put his money into the buildings and these kinds of machines, and he wants to pull out; well, he hasn't got very much to pull out with, he is at the mercy of the fellow who has a title hold on the land on which these machines have been working.

Mr. QUELCH: Well, then, if it is the desire or intention of a number of veterans to work together on some partnership basis it would be better to put it on a proper co-operative basis, would it not?

The WITNESS: Yes, I should think so. The ideal thing is that each man has his own land, and he is aiming ultimately and objectively to living on that land, it is going to be his. But as to pooling for whatever purpose—it may be as this was, machinery and that sort of thing—I am quite frankly fearful of the position that will confront these boys in the case of difficulty. I may say that is quite distinct from any alarm I may feel as to the financial aspects of the thing. Our primary interest in this whole programme is the veteran, to see that he is established, to see that he is given an opportunity and that he is given an equity. We would like to see him protected in that way. We do not like to look ahead four, five or six years and contemplate that any substantial number of these boys are going to find themselves frustrated or despoiled, and all the work we have done become meaningless both from the standpoint of the state and the individual, because the work has still to be done, the man is not yet rehabilitated.

The CHAIRMAN: Well, if I gather the general opinion of this group correctly, I think it comes down again to what we considered at our last meeting, that action of this kind hardly seems practical at the moment. Unless I am mistaken the same principle was rejected by the main committee when considering the War Services Grants Act, because it involves the principle of the money going to a group instead of to an individual. We are coming back again to the point at this stage of asking the main committee to make an exception here

under the Veterans' Land Act. The committee were not prepared to accept that principle with respect to the War Services Grants Act. And, I can foresee other difficulties there also. I think that is perfectly clear.

There is another committee to sit in this room at nine-thirty, so I presume we will have to vacate. What is the pleasure of the committee now? Is there any more evidence the committee would like on this subject?

Mr. BENTLEY: I do not think I would like to make a motion, particularly on this thing, but I will tell you what I would like to do. If the director is not completely opposed to the idea advanced, and if he can see his way clear to undertake the administration involved in connection with the first phase of the matter we have been discussing, to deal with it from the administrative standpoint, I would like to ask him if he would undertake to draft a form of amendment which would serve the purpose.

Mr. BENIDICKSON: Mr. Chairman, I think that puts the director in a rather difficult spot. I think it is up to the committee to decide first whether or not we are in favour of the principle, and then to report back as to whether or not we are in favour of it. With all respect, I submit that he as director is bound by whatever parliament says, whatever may be approved by way of amendment to the Act. I think it is asking a civil servant to do a little more than might reasonably be expected of him.

Mr. BENTLEY: I agree with you that it is not fair, and I am trying to be fair.

Mr. BENIDICKSON: If what you have in mind is that the committee would register its opinion and then ask Mr. Murchison to put that opinion in the form of a draft amendment, I think the committee would be in favour of that; but first we should determine the principle.

Mr. BENTLEY: All right. To bring the matter to a head I will move, if you think we have gone far enough in our discussions, that the committee agree in principle that the Veterans' Land Act be amended to permit of this type of cooperative being formed.

The CHAIRMAN: Gentleman, you have heard the motion. What is your pleasure?

I declare the motion lost. (On show of hands.)

Gentleman, that is the only point before the chair to-night. Do you wish me to report this decision of the committee to the main committee?

Some Hon. MEMBERS: Agreed.

The subcommittee adjourned at 9.35 o'clock p.m. sine die.

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Canada - Veterans Affairs,
Spec Cttee on, 1946

SESSION 1946
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 33

MONDAY, JUNE 17, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs;

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

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1946



MINUTES OF PROCEEDINGS

MONDAY, June 17, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Archibald, Belzile, Brooks, Croll, Cruickshank, Emmerson, Fulton, Gillis, Harris (*Grey-Bruce*), Herridge, Jutras, Langlois, Lennard, Marshall, McKay, Moore, Mutch, Quelch, Tucker, Winkler.

In attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans Land Act.

The Chairman read a letter dated June 13 from the Deputy Minister of Labour giving information on the employment of university students during the summer vacation.

It was agreed that the following subjects be discussed at the next meeting:—

- (a) a proposal to amend The Veterans' Land Act, 1942, to permit the Director to make grants to farm co-operatives;
- (b) the representations of The Soldier Settler Association of Canada that soldier settlers indebted to the Director be granted clear titles;
- (c) a proposal that The Veterans' Land Act, 1942, be amended to permit the employment of real estate agents.

Mr. Murchison was recalled and questioned.

The Chairman tabled a draft of a proposed bill to amend The Veterans' Land Act, 1942, copies of which were distributed to members of the Committee.

The Committee proceeded to consideration of the draft of the proposed bill.

Clause one was adopted without amendment.

Sub-clause (4) of clause two was amended by the substitution of the word *or* for the word *and* between the words *one* and *three* in the second line thereof.

Sub-clause (6) of clause two was amended by the substitution of the word *to* for the word *with* between the words *equipment* and *a veteran* in the third line thereof.

Clause two, as amended, was adopted.

Clause three was amended by the insertion of the words *of the said act* between the words *twenty-three* and *is* in the first line thereof.

Clause three, as amended, was adopted.

Discussion followed as to delay in dealing with applications, priorities for farm machinery and other matters pertaining to The Veterans' Land Act, 1942.

At 1.00 o'clock p.m., the Committee adjourned until Tuesday, June 18, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 17, 1946

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: I was asked two or three meetings ago to get some information in regard to the employment of university students between terms. I have a letter here from the deputy minister of labour which deals with the point and which might be useful to the members. I will read it to the committee. It is dated the 13th of June, 1946, and addressed to myself.

Mr. W. A. TUCKER, M.P.,
Parliamentary Assistant to the
Minister of Veterans Affairs,
House of Commons, Room 372, Ottawa.

DEAR MR. TUCKER,—I understand through Mr. W. S. Woods, Deputy Minister of Veterans Affairs, that your Parliamentary Committee on Veterans Affairs would like to have a statement on employment of university students, especially veterans, this summer.

From reports we have received from our National Employment Service Officers, as well as from interested local and provincial agencies, there appears to have been little difficulty experienced in securing employment this summer by university students who wish to work during their holidays.

One important factor, no doubt, has been the willing co-operation of employers generally throughout the dominion in providing employment opportunities for student veterans.

In order to have up to date information on the matter we have been in touch with each of our five regional offices, following receipt of your request. These offices report, on the basis of a quick survey made of selected university centres, that between six and seven thousand veterans have been placed in summer employment and that, as of the end of last week, there were only between eleven and twelve hundred students registered as seeking employment at the employment offices in these centres.

Offsetting these applications for work, our offices report close to fourteen hundred vacancies for summer employment, which are considered suitable for student veterans. Average wages mentioned are 50 cents to 55 cents per hour in the maritimes and in the prairies; 60 cents to 75 cents per hour in British Columbia; \$21 per week in Quebec and \$27 per week in Ontario.

It will be appreciated that these figures do not include all university centres, but I feel they may be taken as fairly representative. In fact, if anything the wages may be somewhat low, since students who make their own arrangements for summer work might be expected to obtain somewhat higher salaries.

I might add that the Wartime Bureau of Technical Personnel prepared and forwarded to each university lists of positions available for

students during the summer. Officials of the National Employment Service and the Dominion-Provincial Farm Labour Program are also working in close co-operation either directly with the university authorities or with special organizations set up to assist in placing students.

It might also be stated that with a fairly wide variety of positions available for second year and more advanced university students, the problem has been confined mainly to securing employment for first-year students, whose training and experience naturally limits the type of employment which can be offered. It is generally reported, however, that all undergraduates can be easily placed, provided they want work.

I trust this information will be useful to your committee. If there are any further questions you would like to raise, I should be glad to hear from you.

Yours very truly,

A. MACNAMARA.

Mr. BROOKS: He does not say what type of work has been most generally accepted.

The CHAIRMAN: No, he does not, but I could get that information. I think this is a very encouraging report. It is much better than I expected it would be.

Mr. McKAY: Where do they make application? I think some reference is made to application. Do they make it to the local employment bureau or directly to the deputy minister?

Mr. CROLL: Through the university.

The CHAIRMAN: The universities have offices, but the idea is that they go to the employment offices. I really put the letter on the record to assist members in answering letters.

Mr. BROOKS: I think the university students set up a committee of their own.

Mr. CROLL: Yes.

The CHAIRMAN: They keep in touch with employment offices. You will notice there are 1,400 vacancies.

Mr. CROLL: 1,400 unplaced.

The CHAIRMAN: 1,400 vacancies for summer employment and there are only between 1,100 and 1,200 not placed, so apparently there are positions for which there are no applications.

Mr. CROLL: They may not be suitable positions.

The CHAIRMAN: Pursuant to the decision which was made we are going to take the Veterans' Land Act this morning. This proposed bill merely embodies the orders in Council which were passed at the request of this committee providing for assistance to tenant farmers and also providing that with the approval of the minister a person who obtained loans or advances under the Soldiers Settlement Board Act which are still unpaid can apply under this Act.

The proposed bill is before you, gentlemen. In addition to that there are three questions that occur to me that I think we should settle without further delay. One is the question of what we are going to do with the request of Hon. Mr. Sturdy in regard to co-operatives, which was reported on by our subcommittee. The other is the request for clear titles to land under the Soldier Settlement Board Act and the other is the question of the employment of real estate agents. Those are three things that have been left standing and I think we should decide without any further delay.

Mr. CRICKSHANK: May I ask a question? During the day, as Mr. Murchison is here, will we secure answers to questions we asked him last day?

The CHAIRMAN: To the extent he has been able to get the information.

Mr. CRUICKSHANK: Of course .

Mr. CROLL: With respect to the co-operatives I have not had an opportunity to read the report. I wanted to read it. I have not had the minutes. I did not happen to be here on Friday. I should like to have that matter stand until I get a chance to read the minutes.

The CHAIRMAN: Perhaps we could let that stand until tomorrow. Then there is the question of clear titles. At the risk of letters being written to the papers about myself what I would suggest to the committee that we do in that regard is that we extend the time to those who have not applied under that order in council until the 1st of September to apply under the order in council to get their debts written down, and that that be the action taken by this committee. Of course, it is for the committee to decide. As the committee is aware this matter was very thoroughly discussed at the meeting of the provincial legion in Saskatoon. I think the main reason why the suggestion of clear titles was not supported was that it would have an adverse effect on the administration of the Veterans Land Act.

Mr. CROLL: How will these people know? Say, for example, John Smith has not applied. What good is it to him unless he knows what we want him to do?

The CHAIRMAN: In the past they have all been notified to apply and that the cut-off date was approaching, but they might say that this matter was before parliament and that they were waiting to see what the decision was before they actually applied for a write-off. I think myself it is no more than fair if we make a decision they should be given further time in which to apply for a write-off.

Mr. CROLL: Will we give them notice?

The CHAIRMAN: The director would give them notice.

Mr. BROOKS: Are those not two separate things, the clear titles and the writing off?

The CHAIRMAN: They are tied together in this way that the director notified them the time for applying for a write-off was expiring on the 31st of March. They also knew that this application to give clear titles was before this committee and before parliament. They might have felt that they would wait and see what the decision was before applying for the write-off.

Mr. CROLL: Had we not better indicate to them how we feel on the write-off?

The CHAIRMAN: I think we should decide that.

Mr. CROLL: I think the committee is pretty generally unanimous. Let them have the news so that they will know what to do to get the write-off.

Mr. QUELCH: Without entering into a discussion at this time I should like to reply to the statement you made about the Legion in Saskatoon opposing the giving of clear titles. I should like to remind you that when the Legion made a submission to the committee last year they did refer to the old soldier settlers, and when we were allowed to ask questions I asked Mr. Walker whether or not he would be opposed to the granting of free titles to soldier settlers. He said "certainly not", that the Legion would not oppose the granting of free titles.

The CHAIRMAN: I mentioned that because the matter was very thoroughly discussed at the Saskatoon convention of the Saskatchewan Legion. When, after thoroughly discussing it they without even a recorded vote, as I understand, decided against recommending it that had great significance to me. In fact, it practically settled the thing so far as my mind was concerned.

Mr. MURCH: There is a difference between not being willing to ask for something but being willing to accept it if you get it.

The CHAIRMAN: Their resolution was asking that the government be asked to give it, and the resolution did not carry.

Mr. QUELCH: It goes far beyond the statement by Mr. Mutch that they will not refuse to accept anything. It has been stressed time and again that many of the soldier settlers would bitterly resent a free title being given in view of the fact many of them have paid. Mr. Walker made it quite clear that was not the attitude of the Legion. They were not going to take a dog in the manger attitude just because some members were not going to be able to benefit. They were certainly not going to prevent other people from being given the privilege.

Mr. MUTCH: I never suggested they would, but I say there is a great difference between an organization being willing to fight for something and being willing to accept it. That is all I did say. They obviously were not willing to fight for it. My own position in the matter is clear. I would feel very much like saying as on a lot of other times, "thank you for nothing".

Mr. MCKAY: Are we going to discuss this?

The CHAIRMAN: The question of clear titles is another matter. I think we should decide it as soon as possible. We should decide what we are going to recommend in the matter. What I suggested was a possible compromise to give those who had not applied a chance to get the write-off within the next two and a half months and we would ask for an order in council to give them that chance. However, it is for the committee to say what we will recommend, but I think we should make a decision this week, anyway.

Mr. CRUICKSHANK: Another two and a half months?

The CHAIRMAN: Yes, give them until the 1st of September.

Mr. MCKAY: I think it is much more important that the committee make a decision on this proposition of clear titles. Then after that if the decision is in the negative we can extend the time, because that is what they are waiting for. There is not any doubt about that.

The CHAIRMAN: Then there is, of course, the question as to whether we should recommend that the Act be changed to permit real estate agents to operate. I think the committee is clear that they do not want to change the established practice in regard to full-time farming, but there were some people thought there might be some change made in regard to the small holdings. That again is a matter that the committee should decide with a great deal of care, but I think we should decide it.

Mr. CROLL: Is the department still opposed to it as they were? Have they changed their views?

The CHAIRMAN: I think Mr. Murchison can speak on that.

G. A. Murchison, recalled.

Mr. CROLL: Are you still of the same opinion?

The WITNESS: Yes.

Mr. BROOKS: In order to clear up the Legion's attitude on clear titles on page 1254 of the proceedings of the special committee they say this:—

A debate occurred in the House of Commons recently on this subject and many members spoke in favour of the proposal. Representations by soldier settlers through the Legion have followed similar lines and the following resolution is submitted for the consideration of this committee. This was the resolution from the Legion:—

Therefore, be it resolved that, in order to be fair to our aging veterans and to bring the old and the new settlement Acts more into line, the dominion government be asked to readjust the debts of the

6,153 original soldier settlers who have not paid for their lands, such readjustment to take into consideration the difference in interest rates charged under the said Act; and that following such readjustment the government be further asked to cancel the debts of those original soldier settlers whose debt has been, or hereafter may be, reduced to 25 per cent of the original purchase price or the reduced purchase price.

That is the attitude of the Legion.

The CHAIRMAN: The reason I mentioned the other was because the matter came up for a really extended discussion in Saskatoon by the Saskatchewan branch. I do not say it is binding on the committee, but so far as I am concerned it convinced me after reading the report of their debate and their decision, which apparently was unanimous so far as the reports that I got. I happen to be from Saskatchewan and when my comrades out there take that attitude I feel I would not be far astray in following their lead in that particular matter. Of course, so far as the other members are concerned it may be of no interest to them at all.

Mr. MUTCH: My position is abundantly clear. I spoke in the House in favour of doing it on the basis I thought it would cost more money to collect it than we would get. I have not changed my mind.

Mr. BROOKS: Of course, taking the chairman's attitude he said the other day that we were not taking the recommendations of individual Legion branches, but the recommendation that we might consider would be that of the Legion headquarters.

The CHAIRMAN: I do not say what they did in Saskatchewan should have any effect on the members. It does affect my thinking on it.

Mr. QUELCH: Is it the intention to take a vote on that question today?

The CHAIRMAN: I mentioned these matters, but it is quite a time since these matters were before us and we heard the evidence on them. It is quite a time since we discussed them. Perhaps the best thing would be for the members of the committee to be thinking about them and we could make a decision on them on Tuesday or Thursday. In the meantime the members can look up the evidence and make up their minds. Then we could take up this proposed bill in the meantime.

Mr. MUTCH: The purpose of this decision is to get the opinion of the committee, not to take a positive or negative attitude on any of these things. By general consent we can leave them for a couple of days, and by that time everybody can make up their minds. That is your thought?

The CHAIRMAN: Yes.

Mr. McKAY: What is the suggestion now, Mr. Chairman?

The CHAIRMAN: I suggest that we leave our decision over until Tuesday or Thursday. Now, is there anything else? These are three things that I thought we should decide. Is there anything else that any of the members are going to bring up for decision in connection with the Veterans' Land Act or the Soldiers Settlement Board activities which they would like to have this committee make a decision on; because I think notice should be given of it at this meeting so that members can be thinking about it and making up their minds so we could decide that this week; but these three items which have been mentioned are items which occurred to me.

Mr. BROOKS: How about small holdings? Is that going to be gone into?

Mr. CROLL: Yes, that is up in here.

The CHAIRMAN: What is the answer to that? What do you have in mind, Mr. Brooks? The idea is to get the evidence down so that it can be considered in the committee.

Mr. FULTON: The discussion which took place a week ago last Monday on the Veterans' Land Act, on small holdings under this Act, was not concluded. I had in mind making certain suggestions to the administrator of the Veterans' Land Act with regard to the sharing of a portion of the extra cost, whatever it might be over the \$6,000, at the conclusion of that discussion, and I had not finished all the questions I wanted to ask; and I want to be quite clear as to whether or not the administration has made up its mind as to how this extra cost would be apportioned. I would ask for further discussion, and possibly make a recommendation as to the sharing of that cost.

The CHAIRMAN: We could take that up on Tuesday or Thursday at the conclusion of consideration of the proposed bill. Is there anything else now?

Mr. QUELCH: There is the question of dealing with applications for small holdings under the Veterans' Land Act. I think many of us have received complaints regarding the slow way in which these applications are dealt with. I think we will have to get a clarification from Mr. Murchison on that point.

Mr. MUTCH: I think an answer will be forthcoming.

The CHAIRMAN: That is another point. That makes only five points now; is there anything else?

Mr. ARCHIBALD: There is one point I would like to bring up. It may not be in order under the Veterans' Land Act. I have received a number of letters in the last four or five days from veterans who are having a great deal of difficulty in getting farm machinery. I would like to have that considered, if at all possible.

The CHAIRMAN: We can have a statement on that. That is a point we could fix.

Mr. FULTON: Can we write back to the War Assets Corporation and ask them to reopen the question of veterans getting a preference through War Assets?

The CHAIRMAN: That could be taken up at the same time. That is your seventh point. Is there anything else? I suggest we go through this proposed bill which embodies the orders in council, and then we can discuss these other matters and make any further recommendations supplementary to the recommendations in this proposed draft bill.

Mr. MUTCH: Before you proceed with the consideration of that bill I would like to suggest something for consideration of yourself and the whole committee. We are now well into the session, I hope. We have a considerable amount of business before us. Some matters with respect to this piece of legislation are urgent; that is, it is necessary that something should be done during the current session. I wonder if the steering committee or a sub-committee of this committee could not consider the problem of rationing all committee time. For instance, we have said here that on Tuesday and Thursday we will take up these six points. Could we not decide at the conclusion of this particular bill which we are now going to consider, that we will devote two days, or three days—whatever may be necessary—to tidying up this particular piece of legislation, and in that way ration our time. I am afraid otherwise that by the time Tuesday or Thursday comes some of the rest of us may have thought of another point that will have to be taken up. We have been long enough with the evidence before us, and if the committee do agree I think we should convene the committee to consider that question of the rationing of time, that this committee take up these points for say two days. Notice could be given to those who are interested to be here, and then we could come to a decision. That I think is a worthwhile suggestion and I present it with a view to a better use of our time. I am afraid we are devoting too much time to matters which are interesting to a few of us, but I think most of us have our minds pretty well made up on the subject matter. I do not see how we are ever going to get anywhere unless we do something like that.

Mr. LENNARD: I more or less agree with you. I say that many times—not many times, but several times—in the past we thought we had settled a matter and then it came up again. We have got to stop this rehashing of matters, and if we could do that we would save a lot of time.

Mr. McKAY: I am in favour of that. I think the granting of a clear title to the soldiers settled under the Act of 1918 is very important. I have already said that I want to have that considered, and I would like to have that considered this morning. That is a matter which is important enough to take the whole day.

Mr. MUTCH: My point is that it will not only take time, but it will also break the continuity of proceedings in the committee unless we are more or less agreed as to what should be done. I think two days should be ample with which to deal with the questions which are now before the committee on this matter. However, I have got my point on record. You have your point on record.

Mr. McKAY: There may be others also who want to put their views on record.

Mr. MUTCH: All right.

The CHAIRMAN: I suggest that we try that one way or the other tomorrow.

Mr. MUTCH: You take that as notice of motion, that it will be considered by the committee?

The CHAIRMAN: We will consider it in this instance. We will take up the question of clear titles tomorrow and try to decide that. Then if we get through with that I think the next thing we should take up that is fairly urgent is the question of the extension of this Act to co-operatives. I think we can decide right now that we will take that up tomorrow with a view to disposing of it. Then, there is the question of the real estate agents, we will take that up tomorrow, and decide it if possible.

Mr. CROLL: I think we can decide on that right now.

Mr. MUTCH: Yes, that can be decided in thirty seconds, because we will disagree and that is all there is to that.

The CHAIRMAN: Those are the three things we will try to decide tomorrow.

Mr. CROLL: Leave all those points that are embarrassing until tomorrow.

Mr. BROOKS: And tomorrow never comes.

Mr. LENNARD: That is not the point. The point is that we are meeting here today to discuss this Veterans' Land Act; instead of that we are trying to discuss everything else. Let's get on with that and decide what we are going to do about it.

The CHAIRMAN: Has everyone a copy of the proposed draft bill?

Mr. CRUICKSHANK: Have you decided what you are going to do, Mr. Chairman?

The CHAIRMAN: We will take the first section of the bill which repeals paragraph (h):

The repealed paragraph (h) reads:—

(h) that save upon payment in full to the Director of the total outstanding cost to the Director of the land, improvements, livestock and farm equipment together with interest at the said rate on the said outstanding cost and all other charges owing by the veteran in respect thereof, no sale, assignment, or other disposition of the subject-matter of a contract between a veteran and the Director shall be made by the veteran, nor shall a conveyance or transfer be given by the Director to a veteran

during a period of ten years following the date of the relative contract and thereafter only if the veteran has complied with the terms of his agreement for the said ten-year period.

Would you explain that, Mr. Murchison, please?

The WITNESS: The purpose in repealing clause (h) is that it now stands in section 9 (1), and we bring it down to a new clause (h), so that the restricting clause would apply as against loans made under section 9 (1)—that is the purchase of land; and also with respect to those made on a rental-purchase basis in accordance with the order in council. It was thought that one clause with that restriction should apply to the whole section, and you will see it at the end of the new section. It really moves it to a different place in the section.

Carried.

The CHAIRMAN: Now, gentlemen, we will take these by subsections. Section 2:—

2. The said section nine is further amended by adding thereto the following subsections:—

(3) Notwithstanding the provisions of subsection one of this section and subject otherwise to the provisions of this Act and the regulations made thereunder, the Director may contract with a veteran certified by him to be qualified to participate in the benefits of this Act for the sale to such veterans of land and improvements thereon, building materials, livestock and farm equipment, up to a total cost to the Director of five thousand eight hundred dollars, but subject to the following conditions:—

Does anyone wish any explanation in regard to that?

By Mr. Quelch:

Q. Just why is the amount \$5,800, instead of \$6,000?—A. Because it would involve a lot of fractional bookkeeping in order to work out the same conditional grants under this formula. That is the point in the section.

Carried.

The CHAIRMAN: (a)

(a) that the cost to the Director of livestock and farm equipment shall not exceed the sum of three thousand dollars;

This particular section raises the amount to be spent on farm equipment from \$1,200 to \$3,000. That applies to the order in council.

Carried.

By Mr. Quelch:

Q. On that \$3,000; that is less the amount of ten per cent?—A. \$3,000, of which the veteran subscribes twenty per cent. You will see that in the succeeding sub-clause.

The CHAIRMAN: (b)

(b) that the cost to the Director of land and improvements and building materials shall not exceed an amount by which the sum of five thousand eight hundred dollars exceeds the cost to the Director of livestock and farm equipment;

The WITNESS: In other words the cost to the Director of stock and equipment, \$2,000; and the cost to the director of land \$2,800; and cost to the director of stock and equipment \$2,400—that is the difference between that amount and \$5,800 made available for the land.

Mr. CROLL: That seems a little clumsy wording in there.

The CHAIRMAN: That is the wording of the rest of the Act.

Mr. CROLL: It seems difficult to understand.

The CHAIRMAN: Study it a little while and it becomes clear.

Mr. CROLL: By studying it a little while it becomes more confused.

Carried.

The CHAIRMAN:

- (c) that the veteran has paid to the Director twenty per centum of the cost to the Director of the livestock and farm equipment and ten per centum of the cost to the Director of the land, improvements thereon and building materials;

That is quite clear.

Carried.

- (d) that the sale price to a veteran of land, improvements and building materials and livestock and farm equipment, shall be, in addition to any sum paid by the veteran before contract made, a sum equal to forty per cent of the cost to the Director of the livestock and farm equipment and fifty per cent of the cost to the Director of land, improvements thereon and building materials;

Perhaps the director would be good enough to explain that for us.

The WITNESS: Well, I think the shortest and most practical explanation of that is found in the fact that the veteran is called upon to make a down payment of twenty per cent with respect to stock and equipment, and ten per cent with respect to land and improvements, so that these two down payments must be taken into account in arriving at the sale agreement on stock and equipment or land which would produce a maximum conditional grant of \$2,300.

The CHAIRMAN: Just to make it perfectly clear, would you take a typical case and explain how it works out? It appears to me that the verbiage used there is rather involved.

The WITNESS: It is not very involved. We will take a maximum loan of \$3,000 for stock and equipment, which will leave a maximum of \$2,800 after that; with respect to the \$3,000 item the veteran makes a down payment of \$600 and contracts for the conditional forty per cent or \$1,200, thereby he absorbs the \$1,200 on that stock and equipment. On the item of \$2,800 the veteran makes a down payment of \$280 plus a contract for \$1,400. Thus that land cost him \$1,680. By absorbing \$1,200 of the cost of the \$3,000 worth of stock and equipment and \$1,120 of the cost of the land, we have the total additional grant of \$2,320 within that overall maximum.

The CHAIRMAN: Is that not clear to the committee?

Mr. MUTCH: Yes.

Mr. CROLL: Yes; but try and explain it to the veteran, will you.

X

Mr. CRUICKSHANK: It is like — — 2.

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The CHAIRMAN: Actually, if you put the figures down, it is fairly easy to understand.

Mr. MUTCH: Even I can understand it.

The CHAIRMAN: But in the section, I admit it is rather involved.

Mr. QUELCH: The main difference between this and the Act as it was, or as it is in regard to other settlers, is that the settler makes a far greater down payment.

Mr. MUTCH: It is a contract to the renter.

The CHAIRMAN: Yes.

The WITNESS: It is intended to start a veteran off on a tenancy basis.

Mr. QUELCH: The main difference in settlement is that the settler pays down around 25 per cent instead of 10 per cent.

The WITNESS: Yes. It is deemed necessary, in making advances for stock and equipment only which is to be used on rented land, that the veteran should make a down payment of 20 per cent in order to give the thing some reasonable figure of stability.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then subparagraph (e) "That the interest rate payable by a veteran shall be 3.5 per centum per annum." Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then paragraph (f), "that the balance of the purchase price payable by a veteran may be extended over a term not in excess of 10 years for the payment of livestock and farm equipment and not in excess of 25 years for the payment of land and improvements thereon and building material."

By Mr. Mutch:

Q. Is it done in that way because of the 10-year period after the elapse of which he gets his credit?—A. It is done for two reasons. The life of farming equipment in a great many cases has pretty well depreciated after a period of 10 years and the veteran, we feel, should pay for that stock and equipment during the period when it is of maximum use to him. After a period of 10 years you have approached the stage when replacement has to be considered, and it also has the advantage of synchronizing with the time at which he can realize the benefits of the credit.

Mr. FULTON: I wonder if that is not a little steep. You are allowing him to work out \$3,000 less a write-off of \$1,200, are you not?

The CHAIRMAN: Yes.

Mr. FULTON: He has got to pay \$1,800.

The CHAIRMAN: \$1,200 is written off, \$600 cash and \$1,200 on terms.

Mr. FULTON: That is \$120 a year?

The WITNESS: Yes.

Mr. FULTON: That is in addition to the amount that he has to pay for the premises. I am just wondering whether it should not be worked out differently. If the department is secured by some sort of floating charge on the farm machinery, I wonder if it would not be possible to extend that to cover any replacement. Therefore he would be perfectly safe up to 25 years. If he had to replace his machinery he is still liable to that charge. The only point I had in mind is that if you make him pay his rent plus \$1,200 for the first 10 years, it may be a bit steep; and I think it might offset the advantage of enabling him to rent.

Mr. MUTCH: It is only \$120 a year or \$1,200 as a maximum.

Mr. FULTON: Yes, I know. But he has to pay his rent.

The CHAIRMAN: Those who have had experience in buying farm machinery I think will agree that spreading the payment over 10 years is a pretty reasonable business proposition. As the director says, a lot of farm machinery tends to wear out inside of 10 years; and the usual time of repayment is much less than 10 years.

Mr. WINKLER: Yes.

The WITNESS: There is no obligation on the veteran here either to purchase land under this section. He may continue to be a tenant. If we advance him a loan of \$3,000 for stock and equipment on which he makes a down payment of \$200 and a contract for an additional \$1,200 over a period of 10 years, he places himself in the position that at the end of 10 years if he meets the payment of the \$1,200 he becomes the owner of what was \$3,000 worth of chattels when he started out; so there is quite an inducement there to a man to pay it off and establish ownership.

By Mr. Cruickshank:

Q. He does not have to buy?—A. He is not forced to. The other credit is there for land if he wishes to avail himself of it.

Q. Suppose he does not wish to avail himself of it?—A. At the end of 10 years, if he has met the contract for his stock and equipment, we would give him title to it and call it a day.

Q. That is for the stock and equipment?—A. Yes.

The CHAIRMAN: And he has got the grant for that \$1,200.

Mr. CRUICKSHANK: What about this other?

The CHAIRMAN: He can take that anytime within an indefinite period; it has not been prescribed in the Act. He has got \$2,800. He can go out and buy land and get an additional grant of \$1,120.

Mr. CRUICKSHANK: Suppose at the end of 10 years he has come to his senses and decides to be a lawyer. What then?

Mr. Mutch: He sells his equipment and goes to school.

Mr. CRUICKSHANK: What about the deposit for the land?

Mr. Mutch: He has not paid any.

The WITNESS: He has been renting the land.

Mr. Mutch: Yes, he has been renting the land.

Mr. CRUICKSHANK: Maybe that is because you have good harvests in Alberta. I do not know the situation.

Mr. WINKLER: I was just going to say there is considerable equipment on which depreciation of 20 per cent is allowed by the income tax department. It wears out very rapidly.

The CHAIRMAN: Yes. The idea of the 10 years is that it gives him an opportunity. If you make it longer, then it is that much longer before the man who wants to get paid up and do what he wants with it, is able to take title and do as he pleases with it. Ten years seems to be a reasonable length of time to set in all cases.

Mr. Mutch: Carried.

Mr. QUELCH: I am a little confused over the whole thing. We had originally the Veterans' Land Act to make it possible for a veteran to buy land. Then under section 13 we had a clause to make a loan to a man who already owned land. This is providing a grant to a man who is renting a farm or also to a veteran who owns a farm, is it not? A man owning land can benefit by this amendment. Just where does this come into the picture in regard to section 13 of the Veterans' Land Act?

The WITNESS: The purpose of this Act was not to provide a loan of \$3,000 for stock and equipment to a veteran who owned his own land. Section 13 takes care of that veteran and thus far, I may say that our loans under section 13 of the Act have been very very few in number.

Mr. QUELCH: Naturally.

The WITNESS: Very very few in number. Where we have a veteran who may have a property of his own which is worth, say \$6,000 and on which he

wishes to obtain a loan to purchase stock and equipment or permanent improvements or to remove encumbrances, we have an overall limit of \$4,400 or not more than \$2,500 for stock and equipment, all of which is repayable with interest at 3.5 per cent. This new section is intended to meet a different class of case altogether, where the veteran is unable to purchase land under section 9 at the present time, or prefers not to, but wishes to take on the operation of probably a more expensive farm than we could purchase at the present time.

MR. QUELCH: But in the order in council it also mentioned the veteran who owned land. Where does he come into the picture?

THE WITNESS: I do not think it is in the order in council.

THE CHAIRMAN: I do not think that is correct, Mr. Quelch. Paragraph (g) embodies what was in the order in council. If you look at that, Mr. Quelch, you will see that it applies to a man who at the time of such sale buys land from the director or occupies land under a rental or purchase agreement satisfactory to the director. In other words, he could own land under an agreement for sale, but he would still have to pay for it, of course.

MR. WOODS: The man under section 13 that Mr. Quelch is speaking about can draw his re-establishment credit.

MR. QUELCH: Yes, that is so.

THE CHAIRMAN: The purpose was to help the man who was renting or who has bought land under an agreement of sale.

MR. QUELCH: Why is not the veteran who bought land under an agreement of sale able to come under section 9?

THE WITNESS: If he comes under section 9, we are limited to an advance of \$1,200 for chattels.

MR. QUELCH: So the main difference is to make it possible to get a larger amount for machinery.

THE CHAIRMAN: Yes. Is that carried?

SOME HON. MEMBERS: Carried.

THE CHAIRMAN: Then we come to (g) which is the clause that provides what I have just mentioned, that livestock and farm equipment shall be sold under this subsection only to a veteran who at the time of such sale buys land from the director or who occupies land under a rental or purchase agreement satisfactory to the director, and the cost to the director of such livestock and equipment shall not exceed 40 per cent of (i) the cost to the director of the land, improvements and building materials sold to the said veteran; or (ii) the value of the land occupied by a veteran under the rental or purchase agreement as estimated by the director. Would you explain that, Mr. Murchison?

THE WITNESS: The purpose of this section is to prevent the making of advances for stock and equipment to a veteran for the purpose of operating, say, a very cheap farm. Quite frankly, I think that is intended to keep some of the rackets out of it; that if a veteran wants \$3,000 worth of stock and equipment, it must be associated with a valuable farm.

MR. CROLL: I think you are right.

THE WITNESS: And in that ratio. That the value of the land occupied by the veteran under a rental or purchase agreement as estimated by the director shall be the guide as to the amount of stock and equipment to be advanced; that is, the stock and equipment advanced shall not exceed 40 per cent of the value of the land upon which it is intended to be used.

By Mr. Fulton:

Q. Is this a new provision in so far as land bought under an agreement is concerned?—A. Yes.

Q. It is a new limit which you have put in?—A. Yes.

Q. Have you had any previous experience which has led you to put this in, or what is the reason for it?

The CHAIRMAN: This only applies to this particular section. This is nothing new. It is part of the whole tenant farming proposition.

Mr. FULTON: Yes. But Mr. Chairman, it covers land purchased under an agreement with the director, so it is not only applicable to this new system where he may rent land. I was asking Mr. Murchison whether he has had any unsatisfactory experiences which have indicated that this is necessary.

The WITNESS: This does not apply to land purchased under section 9. The real basis of this is the difficulty confronting both the administration and the veteran today in many areas in Canada in buying the ordinary \$7,000, \$8,000 or \$9,000 farm.

Mr. FULTON: Yes?

The WITNESS: There are quite a number of areas where veterans can purchase land of that cost or that value, under fairly safe terms, particularly in western Canada, on crop payments; whereas under section 9 (1) of the Act we must purchase land outright and take title, and operating under the \$6,000 ceiling we run into difficulty. I make no secret of that whatsoever. This is intended to give the veteran an opportunity to purchase a more expensive farm under a private treaty; and if the purchase is a sound one, the administration is enabled to make a substantial loan for stock and equipment for that farm on easy terms.

Mr. WOODS: Mr. Murchison, the effect of this is, is it not, that if you restrict it to 40 per cent of the land, in order to take advantage of the full \$3,000, he would have to rent a farm that is worth \$7,500?

The WITNESS: Yes.

By Mr. Mutch:

Q. Or he might have a \$7,500 farm on a private agreement to purchase instead of an outright purchase as formerly?—A. That is right.

Q. Which he makes himself, as the director has suggested, on a crop payment basis?—A. Yes.

Q. That is an additional benefit which was not there before?—A. Quite.

Q. Even in the order in council?—A. Oh, it is in the order in council.

Q. It is in the order in council?—A. Yes.

The CHAIRMAN: This just embodies the order in council.

By Mr. Quelch:

Q. Are there any regulations covering the length of time for which the lease is given?—A. We have not formulated regulations yet, but we feel that a minimum period of three years should be insisted upon. Otherwise it is subject to too many changes.

By Mr. Adamson:

Q. Does this mean that a veteran is allowed to purchase from a private individual?—A. Yes.

Q. That takes down the restriction. I mention it because there was considerable controversy some time ago about whether the veteran was allowed to purchase from a real estate dealer.—A. Well, under this section he may purchase a farm by private treaty. As long as we find that the purchase price is sound, the terms are fair and reasonable and it looks as if he has a reasonable prospect for success, then we could grant a loan for stock and equipment based on our idea of the value of the farm that he had purchased.

Mr. MUTCH: Carried.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then section (4), "sale, assignment or other disposition only after all commitments met." This is to provide that he cannot resell until he has paid the amount he has agreed to pay for the equipment.

The WITNESS: That is basic in the Act.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

Mr. QUELCH: Just there, if an individual had a lease for 3 years and at the end of 3 years he runs a year or two without another lease, would that be embodied in the 10 years or would it actually have to be 10 years of the lease running consecutively?

The WITNESS: I think it would be embodied in the ten-year term, Mr. Chairman, because the average veteran who is leasing a farm for three years knows that there is an expiry date coming up and he will be on the look-out to get another farm so there will be no break in the continuity of his operations.

By Mr. Fulton:

Q. Have you given consideration to the advisability of putting in a clause: "save at the discretion of the director," in order to protect you? Supposing a veteran becomes ill or wants to get off the land, he could make an agreement with another veteran which would be quite acceptable to you and thereby save the farm and save a loss of money to the department?—A. I think any loan made under this Act is subject to the adjustments section, where the veteran has the right of appearance before a provincial advisory board and the conditions can be determined by that board under which the loan can be closed out or adjusted; and also, there are provisions in the Act for a refund of the veterans' down payment, to be authorized by the Governor in Council, where it can be shown that the difficulties he encountered are due to circumstances beyond his control, and if there is no wilful abuse of the property.

By Mr. Cruickshank:

Q. And that would cover the case of a widow?—A. Yes.

By Mr. Fulton:

Q. It is quite clear that this section is covered by that?—A. There is no question about it, because we are bound by the other section of the Act as to adjustments and the manner in which cases such as you refer to would be adjusted.

By Mr. Quelch:

Q. Under the Act the director is given no discretion to waive the full amount of 40 per cent? I mentioned that for this reason: there are some farmers who make it a practice of doing custom work; they may be expert machinists and they may make quite a go of it. In that case, would it be possible to waive the 40 per cent, and take an assignment of a portion of his returns from the customer?—A. I am afraid you would be opening up a pretty difficult situation there, Mr. Quelch. Otherwise, you would have a veteran who had, it may be, just a home in the village, who would want to borrow two or three thousand dollars with which to purchase tractor equipment to do custom work as a main activity.

The CHAIRMAN: Perhaps that should be "or", Mr. Murchison, in the second line?

The WITNESS: Yes!

The CHAIRMAN: Would you make that amendment under section 1 or section 3? One is the old section, and this is the new section.

By Mr. Quelch:

Q. Is that 40 per cent based on present day values or upon 1940 values?
—A. Present day values.

The CHAIRMAN: Carried? Carried! Clause 5:—

Notwithstanding the provisions of subsection four of this section, in the case of any contract for the sale of livestock and equipment made between the Director and a veteran who occupies land under a rental or purchase agreement and who subsequently enters into a contract to buy land from the Director before the terms of the contract for the sale of livestock and equipment have been completely fulfilled, the Director shall not give a conveyance or transfer in respect of the said land or improvements thereon or building materials until the terms of the contract for the sale of the said livestock and equipment have been completely fulfilled."

Could you explain that, Mr. Murchison, please?

The WITNESS: Well, it is just another safeguard there to prevent some racketeering. If the veteran enters into a contract to purchase certain livestock and equipment from the director, and should he subsequently enter into a contract to buy land from the director before the contract for the sale of the livestock and equipment has been completely fulfilled—

By Mr. Mutch:

Q. That would be the buyer of the land?—A. No, he would buy with the balance that would remain. He cannot get title to the land for a period of ten years; nor could he immediately buy a piece of land and pay it off, and demand a clear title to everything before the ten-year period.

By Mr. Cruickshank:

Q. If he buys from the director?

The CHAIRMAN: Yes.

Mr. MUTCH: Carried!

The CHAIRMAN: Carried! And now, section 6:—

(6) The director shall not enter into a contract for the sale of land, improvements, building materials, livestock, farm equipment or commercial fishing equipment with a veteran who is in default in respect of any contract previously entered into under this Act.

Under the Veterans' Land Act.

The WITNESS: That is another protective clause. It was not felt that we should enter into a contract under this section, when he may have had contracted under some other section which is in default.

By Mr. Harris:

Q. Do you mean "to" or "with" the veteran?—A.

(6) The Director shall not enter into a contract for the sale of land, improvements, building materials, livestock, farm equipment or commercial fishing equipment with a veteran who is in default in respect of any contract previously entered into under this Act.

We would have wastage under section 9 of the Act, no doubt.

Q. Do you mean "to" the veteran?—A. Yes.

Q. If he has been under section 9, and there is a loss shown on the books, then this section forbids him coming back through a different door?

The CHAIRMAN: Carried. Now, the next section is the section which provides that with the approval of the minister:—

23. Save with the approval of the Minister loans or advances authorized by this Act shall not be made to persons who obtained loans or advances under the provisions of the Soldier Settlement Act, and who are indebted to the Director of Soldier Settlement.

Suppose a boy came back after the first world war and entered into an agreement under the Soldier Settlement Act, and later on he assigned this agreement, he might be in good standing today, but technically he would be indebted to the Soldier Settlement Board, and he could not apply under the Veterans' Land Act. Then, again, there were cases of fellows who entered into agreements to buy land and failed to do so. They are shown on the records as owing money. This section would permit them to come under the Act with the approval of the minister. The change is: "Save with the approval of the Minister."

By Mr. Quelch:

Q. What about the soldier settlers of the last war who had paid up for their land?

The CHAIRMAN: They were never prohibited. It was only where they were indebted that they were prohibited.

By Mr. Quelch:

Q. But I understood that the soldier settlers, in the case of the last war, could not benefit under this one?—A. Only if they were indebted.

The CHAIRMAN: This applies to men who served in two wars.

Q. I understood that a soldier settler who took land under the old Act, even though he paid it off could not come under this one?—A. No; if he served in two wars and was otherwise eligible.

The CHAIRMAN: Carried? Carried!

By Mr. Harris:

Q. It seems to me if you used the word "with", it would bar the director from making a contract with a veteran who was in default. If you mean to prevent a man from selling another farm or a bit of livestock to a man who is at fault, you should use the words, "to"; then, the director could not enter into a contract with a veteran. But in the case of a veteran who sells to a new veteran—the director should think about that.—A. I do not think that the wording of this section would have the effect that Mr. Harris suggests, Mr. Chairman, in administration.

Mr. Mutch: In any event, it would require only the change of a word, as Mr. Harris suggests.

By Mr. Harris:

Q. The director wants to have the power to say to an applicant: I cannot sell another farm or any livestock to you because you are in default under a present contract. But, if the man is in default, and he applies for relief, and he has a purchaser who is willing to take it over under the present terms, surely at that time, the director could enter into a contract with both veterans—with the out-going veteran—in order to release him from his responsibilities under certain terms, and with the new veteran, to sell it to him. Now, these situations are entirely different; and by using the word "with", he is excluded from making that second contract, that I speak of, with the defaulting veteran who wants to quit; and if he uses the word "to", he is covering himself.—A. I get the point; but I think it is probably covered by the fact that title to the chattels remains in the director until they are paid for by the veteran with whom he entered into a

contract. The director still owns the chattels; so, in disposing of them to another veteran, or to any other person, he is entering into a contract of sale with someone else.

Q. Would he not also have a contract with the veteran who is giving up, in order to release him?—A. The Act provides that any surplus that arises must be paid to the veteran anyway.

The CHAIRMAN: When a man comes in, you make an agreement with him, a contract having to do with the sale of land and equipment. Mr. Harris' point is: if you make it "with" you are prohibiting a contract of sale to the veteran.

Mr. CRUICKSHANK: Put in a "with", or a "to", or a "whereas"; that will fix it up.

The CHAIRMAN: It does not change the meaning, but it makes it very plain to say: "to".

The WITNESS: I will take a note of the matter and discuss it with Treasury.

The CHAIRMAN: I think myself that it makes it very plain; and my suggestion is that we change it to "to".

Mr. ADAMSON: I move that the word "to" be substituted for "with".

The CHAIRMAN: Carried. I won't ask for a motion to report the bill, so that we may keep it open for adding anything else that the committee may wish to recommend. Are you prepared to make a further statement about these small holdings, now, Mr. Murchison?

The WITNESS: No; I am sorry, Mr. Chairman, I have not got all the information available. You will recall at the last meeting a number of questions were asked, and it was left to the steering committee to decide when the next meeting would be held to discuss the various items. I felt that before the matter should come before the committee, further information on these points should be made available, otherwise there would probably be additional questions left over for further meetings. I am having that information accumulated just as quickly as it is available so that when the matter comes up again I hope to be in a position to give the answers, at least, to the questions that were asked at the last meeting.

By the Chairman:

Q. Would you be prepared to make a statement in regard to the matter raised by Mr. Quelch with reference to delays in getting people settled? There have been complaints about that from time to time?—A. Yes.

Q. Or, do you wish to make that statement now?—A. Of course, there are delays and there always will be delays, as long as we have a supply situation containing the difficulties that exist today.

By Mr. Fulton:

Q. What situation?—A. Supplies. It is not only in our own operation that we feel these difficulties. Under the National Housing Act, Wartime Housing, integrated housing, housing enterprises, private enterprise, everyone has been having difficulty in securing all the component building materials required for building constructions. That situation has, of course, been seriously aggravated during these past six months by strikes in the United States and elsewhere, and until that situation improves we will continue to have difficulty.

By Mr. Cruickshank:

Q. I appreciate the difficulty with supplies, but what about properties that are now ready? There are properties which are available.—A. We are moving just as quickly as we finalize the prices on them in allocating them to veterans.

Q. Why is there so much delay? There is no supply situation there.—A. We cannot name the price until we get a very close figure on final costs. That is why.

Q. Those are not the places I am referring to. I am referring to the Japanese farms. Why is there the delay in disposing of these small holdings of Japanese farms in British Columbia? There is no lumber tied up there?—A. There are a great many of these Japanese farms in British Columbia on which new homes are necessary, which Mr. Cruickshank knows very well.

Q. You are disposing of some of these farms right now to certain people, and there is no question of supplies, but there is a delay for some reason in disposing of surrounding property. An order for return brought down about a month ago and laid on the table the other day said that they are available and there is no reason why they should not be disposed of. Yet a veteran in the Fraser valley cannot buy these farms. I am not talking about houses or buildings. The farm is there. They want to buy it and they cannot buy it.—A. I am surprised to hear Mr. Cruickshank say that because if the farms are ready for occupancy and the buildings are there, there is no valid reason why they are not being disposed of if there is an actual demand from qualified veterans.

Q. These veterans are prepared and want to buy these farms at whatever value you set on them as is and put up their own buildings if and when materials are available. Certainly they can put the buildings up cheaper than we can put them up under any housing scheme. Whether they are justified or not, I have complaints from responsible bodies like the Legion that the veterans cannot buy these Jap farms. You people apparently have not been able to arrive at a value. If there is some international reason why you cannot do so that is different, but the order for return says they are available and can be sold now.—A. I will be prepared to look into any delay that is occurring there. There is no reason why there should be delay if the farm is available for sale with buildings and there is a qualified veteran looking for it.

Q. You are bringing in buildings again. In one case a young veteran wants to buy a farm adjoining that of his father-in-law. Therefore he does not have to borrow money to buy equipment. The father-in-law has the equipment right there. He is perfectly satisfied with the house that is on the property, and is prepared to put up his down payment of 10 per cent, or whatever it is, but he cannot get your department to set a price and make the sale to him. There may be buildings but he is not interested in buildings because when we as a department construct buildings they cost twice what they should cost. He is prepared to build his own. That is just one of the many cases in the Fraser valley.

Mr. QUELCH: I know that we do not deal with individual cases, but perhaps I might recite one. Mr. Murchison is familiar with it. It is one of the cases I have in mind when I talk about delays. Some weeks ago I had a couple of officers come up to my room who were interested in obtaining a concession in the Carleton Heights project to establish a business there. They were given a Veterans Land Act priority on lot 15 to establish a business. They were not getting any money from the board. They just wanted to get the right to that lot. They were given a priority on that lot so they went ahead. They went to the expense of getting blueprints and they were all ready to build when somebody notified them they would not be able to get that priority.

Mr. Murchison was away and I was referred to Mr. Holmes. Mr. Holmes explained that they got into difficulty with the Nepean Council and some Ontario board, but I asked Mr. Holmes whether or not the board would be prepared to say to these fellows that if another block was established for business within the Carleton Heights project they would be given a priority there. I asked him whether he would do that. He could not see any harm. He said that could be done but he did not want to go over the head of another department. He said I should see Mr. Taylor. I went to see Mr. Taylor and Mr. Taylor would not do it. Mr. Taylor is the superintendent of one of the

departments under the Veterans Land Act. I cannot see why the Veterans Land Act administration could not have given them a statement to the effect that if the business block is established within the Carleton Heights project their priority for lot 15 will be extended to another lot. Now, of course, they are definitely under the impression that somebody has chiselled in there and has been given that property. They feel that although they had the property somebody else through pull or in return for some concession has been given the right to it.

It does seem to me it would be a very simple thing for the Veterans Land Act administration to give them a statement that if another business block is established their priority for lot 15 will be transferred to it. That is a delay. These fellows have been hanging on for I do not know how many weeks. They have gone to a lot of expense and still do not know whether they will get the concession or not.

The WITNESS: There are two or three explanations. We have had many applications of one kind and another for commercial establishments and transportation arrangements with respect to that project. Up to the present time there have only been something like 85 or 88 homes projected on that block. At the moment there are one or two self-service stores right at the corner of it already in operation. Our feeling is that the commercial block that may be set up in that project should be back off the Prescott highway and more in the centre of the total block, including the land which is not yet developed. In the meantime that whole plan must be re-registered with the Department of Planning in Ontario in order to permit any commercial establishment whatsoever.

By Mr. Quelch:

Q. Could you not give them a statement to the effect that if that block is established somewhere inside that area their priority would be extended to that block? That is all they are asking for. They just want to know that somebody else is not going to be given the preference that they already had.—A. I would be prepared to give them that, but I cannot give any undertaking as to when it is going to happen.

Q. They do not want that. They just want the priority which was given to them originally to be extended if a business block is established.

The CHAIRMAN: Could you explain the farm machinery situation? Mr. Moore brought it up. If he could indicate what further information he wanted that would be helpful. You brought up the farm machinery situation?

Mr. MOORE: Yes.

The CHAIRMAN: I wonder if you could indicate what the situation is. Then he could indicate what further information he wanted.

The WITNESS: Our farm machinery situation is a little difficult at present because demands this year are very considerably in excess of the amount of machinery we have available for 1946 settlement, particularly under the heading of tractors. We cut back very heavily on our 1945-1946 order so that the administration would not be faced with the liability of paying for a lot of machinery that was not actually used by the veterans during that period so that we had very little carry-over from 1945-46. Our arrangements for 1946-1947 deliveries were made over eighteen months ago on the best estimates we could develop at that time, but we are finding that the very heavy demand on the part of veterans being established under the Act for tractors has more than used up the quotas that we had arranged for during the 1946-1947 period.

The CHAIRMAN: I think the point that is worrying the member most is farm machinery for veterans who are not coming under the Veterans' Land Act.

The WITNESS: It is a question there of developing a priority system which will work. We have no control over priorities, but I can tell you, Mr. Chairman,

that we are working out arrangements with the Wartime Prices and Trade Board and with the farm machinery manufacturers to go as far as possible in giving veterans access to farm machinery this year and next year. I am not giving any undertaking that the machinery we have arranged for for use under the Veterans' Land Act in 1946-47 is going to be made available to veterans who are not coming under the Act, because we have not enough for ourselves.

By Mr. Cruickshank:

Q. In respect to the machinery which you said you had made arrangements to purchase sometime ago is that to be sold at the invoice price? I mean by that, what will the veteran have to pay for it? As I understood you this morning, or it may have been some time ago, they will have to pay the 12.5 per cent increase.—A. No. What I said was that if they bought after the increase they would have to take it, less the discount we get from the machinery companies.

Q. But many months ago a large machinery order was placed by you?—A. Yes, we made a definite arrangement in 1944.

Q. At what price?—A. At the existing retail price at the various outlets.

Q. As of 1944?—A. At the price existing when delivery was made.

Q. When delivery was made?—A. That is right.

MR. FULTON: In connection with that, Mr. Chairman, I wanted to discuss later on the question of giving of a priority to veterans in connection with War Assets. I have cases very similar to this which illustrate what Mr. Murchison is discussing. Again, I will not mention names so we will not get into a discussion of individual cases. But it is the question of the war veteran who has not been able to get a priority and for that reason was not able to get a tractor or a truck. Had he been given some sort of priority he would have been able to get it. I am given to understand that that has now been cut out. Could the witness suggest some adequate system that could be arrived at? When the War Assets Corporation was being discussed here we had before us Mr. Berry, and when some suggestion was made that the veteran be given a priority to obtain trucks, tractors and other farm machinery from the corporation, Mr. Berry objected that to do that would involve the setting up of a retail merchandising unit, which they were not prepared to do. He then went on to suggest that the Department of Veterans Affairs, or similar organizations, might endeavour to collect priorities from the veterans and hand them over to War Assets Corporation in bulk, and that they could then deal with them on that basis. When he was asked if that could be done his answer was yes. Then the discussion was ended by a statement to the effect that the whole policy was being reviewed, and we have not had any further information subsequent to that date. But I had in mind what the government of Alberta, for instance, are doing through their provincial agency, that is known as their Marketing Services Limited. They made some sort of arrangement under which they would collect certain priorities, and when they approached War Assets in that regard they were given a definite no, although it was subsequently modified by their saying that they would give them priorities on commodities in which the Alberta agency was dealing. It seems to me, there are large numbers waiting for bull-dozers, tractors and land clearing equipment, and things of that kind, that if we could find some adequate system of priorities with War Assets it would be an advantage as compared to having to take up this business primarily through local agencies; but a priority system would go a long way towards giving the veterans assistance. Could you tomorrow, or sometime soon, tell the committee whether or not the department of Veterans Affairs could act as a collecting agency on these priorities and arrange for certain purchases through the War Assets Corporation? It should be comparatively simple; the priorities could be collected and listed in order of receipt and each month these could be reported through to War

Assets. They could say, here is what is required, what can you do? I do not see why they should not be given the same priority as any other department of government.

The WITNESS: I am not clear, Mr. Chairman, whether War Assets are prepared to sell direct on a retail basis.

Mr. LENNARD: That could be done through dealers. It has always seemed to me that veterans in the districts to which trucks were being shipped should have a priority in getting those trucks instead of private individuals getting them all before the veteran has a chance.

Mr. MUTCH: Doesn't it all hinge upon the fact that the first priority on these things that become available at War Assets is to the Dominion government? The question which arose in my mind—I think we spent considerable time discussing the subject mentioned by Mr. Fulton—was whether or not your department as a department of the federal government could exercise a first priority and then arrange distribution to veterans.

Mr. FULTON: That is it, exactly.

The WITNESS: Then we would have to go directly into the financing of assets on behalf of veterans who are not being established under the Act at all.

Mr. FULTON: Oh, no; as Mr. Lennard said, there would be no need to change the sales staff. It would be simply a matter of assuring that the veterans get priority. Once you get that priority it is easy, because the department of Veterans Affairs say, can exercise that priority as a department of the Dominion government. From there on it would be dealt with the same way as any other sale. You referred to the bulk demand of veterans. You would be in just the same position as a dealer, you could go to War Assets and say, I would like to take this lot of goods off your hands.

Mr. MUTCH: That is it, you are just the agent for the veterans.

The WITNESS: And if we start to do that, we will have to go right on through all sorts of things, all down the line. You would convert the Veterans' Land Act administration into a quasi merchandising agency all over the country for a great variety of things.

Mr. FULTON: The V.L.A. set-up I suggest could be used for farm machinery, and D.V.A. could be used for commercial and other business needs. I am not suggesting that the Veterans' Land Act take them all, but you could do it for farm machinery; and why could it not be done for all veterans?

The WITNESS: I am not convinced that War Assets have any important quantity of machinery that would be suitable for farmers.

Mr. Cruickshank: They have tractors.

Mr. FULTON: And bull-dozers.

Mr. LENNARD: I think we all have received inquiries from a number of veterans who want to buy tractors. The only answer I can get from the War Assets Corporation—their only advice is that these veterans go and put inquiries in with every dealer in the neighbourhood so that if a tractor comes along they might have a chance of getting it, but they do not get any priority. If they got a priority it would be quite easy to look after them, and it would not be hard to look after because the veteran himself would quickly see that it was brought to the attention of the appropriate authority and that his interests were looked after. As I said before, the sales structure would not need to be altered one bit, they could still buy through the private dealers.

The WITNESS: I will discuss that to-morrow morning after I have had an opportunity of talking with Mr. Crawford, our supplies chief, to see what can be worked out.

Mr. FULTON: I understood from the previous evidence that D.V.A. had a working arrangement with War Assets Corporation, and we were to have a report as to how it was working out. I think there should be some way by which this equipment could be made available to veterans through the War Assets Corporation.

The CHAIRMAN: Is there anything else we can profitably discuss now so that Mr. Murchison would deal with this more effectively to-morrow? There are the questions we have been discussing; farm machinery, with particular reference to War Assets; the question of small holdings, which Mr. Murchison will report on as soon as he possibly can; and then, of course, there are the three things we have definitely decided to take up on Tuesday—the question of co-operatives, the extension of the Act to cooperatives. I would ask all members to read the evidence given in the subcommittee. Then there are the questions of the giving of a clear title and real estate agencies.

Mr. CRUICKSHANK: When will Mr. Murchison discuss small holdings?

The CHAIRMAN: And the apportionment or equalization of costs in respect to small holdings. I understand a special committee is now at work on that particular subject, and as soon as they have completed their studies they will make a report to this committee. I understand that is the situation.

Mr. CRUICKSHANK: Would we have an opportunity of putting in our recommendations before a report is accepted by the government? Will we be able to put in our recommendations?

The CHAIRMAN: Are you prepared to do it right now, to say what you think should be done?

Mr. CRUICKSHANK: I most certainly am.

The CHAIRMAN: I suggest that you do that then.

Mr. CRUICKSHANK: All right, I shall certainly be glad to let the committee know what recommendations I have in mind. It was intimated to us the other day by Mr. Murchison in reply to some questions by Mr. Fulton, that this million dollar fund, as I understand it—call it an equalizing fund—was to take up the cost, and that the cost in the various districts had been taken into consideration. For instance, Mr. Mutch suggested that if somebody wanted to live in British Columbia, he had to be prepared to pay extra for his house due to the fact that we pay higher wages than in some other districts. This is all on the record. That is a statement, of course, without any knowledge behind it. Edmonton was referred to, where it was said that the cost was cheaper. We from British Columbia are going to strenuously object to this. Houses in Haney where the lumber comes from, are charged for over the \$6,000. A veteran is expected to take up in some cases \$600 over the cost of the \$6,000. Lumber normally sells at the retail price of \$34 a thousand right adjacent to where the houses are built. The same lumber is used out here on this highway out of Ottawa. I am informed, at \$104 a thousand, exactly the same lumber. Then for M. Mutch or anybody else to tell us that we in British Columbia must pay more on our small holdings in the province where the material comes from, where it sells for \$34, just because our wages are higher for carpenters and so on being a union province, is something I cannot understand. We can build practically the year round out there, not having the cold weather that is experienced elsewhere. Yet they say our costs are not to be equalized or brought down to \$6,000. When they tell us that, I for one am certainly not prepared to accept it. There is no earthly reason why a soldier in the province of British Columbia should pay any more for one of these homes than the soldier in Edmonton, Ottawa or anywhere else. If there is inefficiency in either awarding the contracts or carrying them out, it is the responsibility of the department to absorb that extra cost and

not to penalize the soldier for it. I hope that this committee will take that into consideration. I can tell you that you will hear a good deal from me and some of the British Columbia members if it is not taken into consideration.

Mr. MUTCH: Just for the purpose of information, since you mentioned me, Mr. Cruickshank, are you suggesting that the veteran in British Columbia should get his house under this scheme at any lower rate than his neighbour can build the same house for?

The CHAIRMAN: Other than the write-off.

Mr. CRUICKSHANK: I am not worrying about the civilians. I am not here representing them—

Mr. MUTCH: Well, I asked for the purpose of getting information.

Mr. CRUICKSHANK: Just a minute, I am not here representing them in this committee, although I am glad to say I was unanimously recommended in my riding.

Mr. FULTON: Unanimously?

Mr. CRUICKSHANK: Yes. All I am saying is this. I do not want the veteran at Haney, Chilliwack or Mission to get any preference with regard to houses built under the Veterans' Land Act over the veteran in Edmonton or Ottawa or any place else, but certainly he should not have one dollar more than they do. If we have let our costs rise by mistakes in the awarding of the contracts under a cost plus fee basis or whatever it is, that is our mistake; if that is the case, then I say as a department let us acknowledge it and be prepared to absorb it. But no soldier is going to get his house one dollar cheaper in Edmonton or Ottawa than the veteran in Fraser Valley if I have anything to say about it, even if I have to stage a filibuster of my own in the House.

Mr. HARRIS: Mr. Chairman, I thought we had settled this two weeks ago. I understood the director to say that this million dollar fund was going to be dealt with strictly on the basis of emergency costs which had not been taken into account, costs which had occurred during the course of construction and similar extra costs, but not for normal construction costs. He mentioned particularly the cost of coal and heating buildings during the winter when they were not completed and so on. I asked him twice, I think, about that to make it perfectly clear to me that it was a matter of emergency and not normal building costs. Surely Mr. Cruickshank cannot suggest that higher wages in British Columbia is an emergency situation. It is one that continues all the time.

Mr. CRUICKSHANK: I do not suggest that at all; Mr. Mutch did. If they do not pay decent wages in Winnipeg, we do pay them in British Columbia.

Mr. HARRIS: And should pay for your buildings accordingly.

Mr. CHICKSHANK: All right. You should pay more for your buildings in Ottawa: you pay \$104 for lumber when we produce it in British Columbia for \$34. Can you give me any reason why houses made out of the same timber, should cost more in the province of British Columbia than they should in Ottawa or Edmonton?

Mr. HARRIS: Perhaps the reason we have to pay \$104 a thousand for your timber is one of the reasons we cannot pay the extra wages; that is a building cost which is normal in the province of Ontario. The difference between your prices in British Columbia and our prices is a normal one. It is not an emergency situation. I doubt very much if the higher price of lumber will be taken into account. They are costs in a normal way. In any event, the director said it would not. At any rate, it is not an emergency.

Mr. CRUICKSHANK: This has developed into a one-man show by Cruickshank, and I do not want to take too much of the time of the committee. But

I am very definitely of the opinion I have expressed, and I know Mr. Sinclair is, and I hope the rest of the members from British Columbia are. I do not care what the director said or what the minister said. I am here representing the soldiers of my riding and nobody else.

Mr. HARRIS: And you want more for them than anybody else gets.

Mr. CRICKSHANK: I do not. But I want dollar for dollar value for them, just exactly the same as you want it for yours. I do not want the soldiers in my riding penalized because you people will not pay decent living wages and then try to hold it against the soldiers in my district.

Mr. FULTON: Mr. Chairman, I am rather sorry this came up today, because I feel that I have had my ration of talking. However, I wanted to make a suggestion on this which I had in mind when I first asked the question in the House some time ago.

The CHAIRMAN: If you have a suggestion to make, I suggest that you make it now and then it can be taken into consideration by Mr. Murchison in his speech tomorrow or Thursday.

Mr. FULTON: That is the point. Should I do it now or later?

The CHAIRMAN: Yes. I think you should make it now because we have 15 minutes left and we may as well make use of that time.

Mr. FULTON: I wonder if I might say this. In the way I look at it, it is simply a question of how you are going to bear this cost in excess of \$6,000. As regards most of the veterans, in some cases they were actually given a verbal understanding and in other cases they just drew their conclusions from what appeared in the press, that the maximum cost of these small holdings would be \$6,000. They made their plans accordingly. They adjusted their finances accordingly; and in some cases they gave notice to quit their present tenements in order to get houses they thought would cost \$6,000. Now they find they are going to cost more than \$6,000. Here I should like to refer to an exchange that took place between Mr. Murchison and myself with regard to Vernon. I am not trying to say, nor did I try to say, that there was a firm price at Vernon. I merely tried to point out—and I referred to the minister's letter as the basis of the Vernon City Council's understanding—that the maximum cost of these houses would be, in their case, actually \$4,000 because they were given the land free. That was their firm understanding and they made their tax agreements on that basis. That was all there was to that. The other case was that veterans had a firm understanding, firm in their own minds, that the cost would be \$6,000. Now it is going to be in some cases, I understand, as high as \$7,500. A solution of the problem, I think, must be based not merely on a step which will equalize the excess across the dominion; I suggest that, inasmuch as the small holding scheme itself is in a limited degree a subsidized housing scheme, the total cost of the houses be subsidized. At present the scheme calls for what amounts to a subsidy of roughly 30 per cent within the \$6,000 limit. If for any reason—certainly not through the veteran's fault—the house is going to cost \$7,500, I suggest that a subsidy be applied at the rate of 30 per cent to the total cost, so that in the cost of the house of \$7,500, 30 per cent of \$7,500 be written off. In the cases of houses of \$6,000 you still write off 30 per cent.

Mr. HARRIS: May I ask a question? Is that 30 per cent of the cost of all houses or those over \$6,000, that you are talking about?

Mr. FULTON: Those over \$6,000. I think that would work this way: one justification would be that a veteran, by virtue of having a large family, is forced to apply for a house which, under present costs, would cost \$8,000. Now, nor-

mally, he would not want an \$8,000 house, but he is forced to take an \$8,000 house because of the present building costs. Mr. Murchison might object to a man getting an \$8,000 house for \$6,500. My answer to that would be, that it is due to force of circumstances.

The CHAIRMAN: It would be \$5,600.

Mr. FULTON: Yes, \$5,600; it would be force of circumstances which made that veteran buy an \$8,000 house when he would like to buy an \$6,000 but cannot. So, I suggest that we equalize the cost to all veterans, if the cost be in excess of \$6,000. I suggest that we establish a principle of subsidizing to approximately 30 per cent of whatever the final may be.

Mr. LENNARD: Just to get away from this thought as to British Columbia, I would say that Mr. Cruickshank's argument, where they can build there for twelve months in the year under moderate weather conditions, is a point very much in his favour, and in favour of his argument. I know that in many sections of Ontario, in connection with the small holdings, there are times during the winter when, for a week or ten days, the carpenters cannot do more than two or three hours of work per day, not because they do not want to do more, but because of the weather conditions.

Mr. HARRIS: I do not want anyone to assume that we should not have a high standard of living. I think it is not an argument in favour of benefits for British Columbia which are not granted by the province. For the same reason, I have no objections to Mr. Cruickshank's argument. But if an emergency arises, it would not be the case in a province where you can build houses for twelve months of the year.

Mr. FULTON: If we established a 30 per cent subsidy, we should apply it throughout, and write off 30 per cent of whatever the cost is, all over Canada.

The CHAIRMAN: What makes you think there is a 30 per cent subsidy?

Mr. FULTON: In the small holdings scheme, for a house which costs \$6,000, a veteran will have to pay just under \$4,000, because one-third is being written off; it is a write-off.

The CHAIRMAN: Then you are taking into account the write-off?

Mr. FULTON: As I understand it, the veteran actually has to pay in cash a total of \$3,780, including the down payment; so it works out roughly at 30 per cent of the total cost which he has to pay.

The CHAIRMAN: And is your suggestion that you write-off, for all houses over \$6,000, or all houses?

Mr. FULTON: No, I would not change with respect to the present houses costing \$6,000 or less; but you have established a basis whereby those houses are being subsidized approximately 30 per cent; and so, in the case of houses over \$6,000, I would write-off 30 per cent.

Mr. MUTCH: In effect, what you are saying is: irrespective of the cost of the houses, we will remove the \$6,000 limit, whatever the house costs. Let us give him, not \$2,220 on a \$6,000 house, but let us give one-third of the actual cost of the house, because he only wanted a \$6,000 house anyway. That would be a change in principle altogether, and I am certainly neither prepared to support it, nor to argue against it at the moment. On the other hand, you spoke of another case: the case of a man who, through no fault of his own, had a large family, and with the rising cost of building, he needs an \$8,000 house.

Mr. FULTON: A house which, according to present costs, costs \$8,000.

Mr. MUTCH: I seriously doubt that the average veteran can afford a house at all, to begin with.

Mr. FULTON: I should have made it clear at the time that I was referring particularly to schemes such as we have in British Columbia where there is a group of 40 houses built and where the veteran makes application for a house. Personally I think it would be better if the veteran came to the regional director and said: I want a house under the small holdings scheme; I want a house to be built on a private basis.

Mr. MUTCH: I wonder if you would give to future potential purchasers a further production limit?

Mr. FULTON: I do not think it is fair to the director to say that our maximum is \$6,000, and if you want a house which will cost \$8,000 then, if you are prepared to pay the extra \$2,000 it is all right with me.

Mr. MUTCH: Even for those houses which are presently built, and which now cost \$7,500, there are potential purchasers among the veterans who can afford to pay the difference. No house is built for a specific veteran in a specific locality?

Mr. FULTON: There is a case of a veteran who was in occupation but who was not required to pay what was in excess, if he was to stay there. That situation is being duplicated right across the country.

Mr. MUTCH: That is in general practice?

Mr. FULTON: Yes, it is.

Mr. MUTCH: Where the house is located?

Mr. LENNARD: We have only two minutes left. I wonder if anybody else wants to make suggestions?

Mr. MUTCH: Well, if they do, they can have the two minutes and I will use the next two minutes.

Mr. FULTON: Kamloops and Kelowna were built with 40 house blocks, on that basis. There is a supervisor for veterans and he has taken a veteran out and said: Now, this will be your home; and the veteran in question has practically watched the house being built from the ground up.

Mr. MUTCH: And he has an understanding in his own mind that he is getting the house for \$6,000?

Mr. FULTON: Yes. I am not blaming them in the least.

Mr. MUTCH: I do not think that on the average many veterans can afford more than \$6,000 for a house. I am sure that I could not with the situation being as it is. I see no reason why we should dispose of the houses which cost more than that through conditions other than an act of God, or carelessness, or incompetence on our own part, to people who can afford to pay for them and keep their limitation at \$6,000.

By Mr. Emmerson:

Q. Is that policy of the allocation of houses made across Canada before the houses are completed?—A. No, decidedly not. We are not going to allocate a house before we know what it costs. There have been, doubtless, informal discussions here and there between the supervisors and the veteran outlining what we are doing.

By Mr. Fulton:

Q. I do not represent that they are firm contracts.—A. I would like to say that there seems to be some misunderstanding in the mind of Mr. Fulton and probably some others as to the probable maximum subsidy that enters into this thing. Where we build a house and sell it to a veteran, we not only have the cost of the house but we have the cost of the land, and the water supply, and the cost of the whole thing to take into account. If the whole thing costs the director \$6,000, we sell the land and building for \$6,000 with

a down payment of \$600, and there is a contract for \$4,000; in other words, \$4,600. I would like to correct any false impression there may be along those lines. A good deal has been said about Kelowna, Vernon and Kamloops. I hope to have all the information available relative to those projects when I deal with this whole question of costs, so that we can discuss the matter fully. I can assure the committee in the meantime that the projects at Kelowna, Vernon and Kamloops have been dealt with by the adjusting committee.

For example, in the town of Kelowna we discovered only last week that we had 30 houses, the price of which had been finally set; but there were only 20 veterans with overseas service who were interested in them, and of them there were five with whom we could not properly enter into a contract to sell a house under present circumstances. At Vernon the situation was not quite so bad, but there again we have not a full demand for those houses by veterans professing overseas service.

By Mr. Cruickshank:

Q. Could not that easily be caused by the fact that they do not know what these houses are going to cost?—A. There was plenty of demand at Kelowna and elsewhere by veterans who did not have service outside of Canada; but we have been holding these houses for veterans with overseas service. If such veterans are not prepared to buy one of them, immediately it is available, then we must make them available to those who have not had overseas service.

By Mr. Fulton:

Q. That does not change my argument.—A. In discussing the selling price of these houses at Vernon and Kelowna, the veterans who were actually buying the houses were not kicking up any fuss; they were very pleased with the houses, with the prices, and the terms. I shall be able, at the next meeting, to give you exactly what those prices were.

The CHAIRMAN: We shall adjourn now until tomorrow at 11 o'clock.

The committee adjourned to meet again on Tuesday, June 18, at 11 o'clock a.m.

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Canada - Veterans Affairs
Spec. Cttee on, 1946

SESSION 1946

HOUSE OF COMMONS

(SPECIAL COMMITTEE)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 34

TUESDAY, JUNE 18, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister of Veterans Affairs;

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



REPORT TO THE HOUSE

TUESDAY, June 18, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as its

EIGHTH REPORT

Your Committee recommends that the period in which application may be made by soldier settlers for reduction in the amount of their indebtedness to the Director, Soldier Settlement Act, under the provisions of Orders in Council P.C. 10472, dated November 19, 1942 and P.C. 191/6282, dated September 28, 1945, be extended to the first day of September, 1946.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 18, 1946.

The Special Committee on Veterans Affairs met at 11 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Abbott, Adamson, Ashby, Baker, Belzile, Benidickson, Bridges, Brooks, Claxton, Cleaver, Cockeram, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Drope, Emmerson, Fulton, Gauthier (*Portneuf*), Gibson (*Hamilton West*), Gillis, Harris (*Grey-Bruce*), Herridge, Jutras, Langlois, Lapointe, Lennard, Marshall, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Moore, Mutch, Quelch, Tremblay, Tucker, Viau, Whitman Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, Deputy Minister of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

The committee proceeded to consideration of representations made by The Soldier Settler Association of Canada that clear titles be granted to soldier settlers under the Soldier Settlement Act.

Mr. McKay moved that the Committee recommend that the Government take the necessary steps to ensure:—

(a) That all soldier settlers who took up land under the Soldier Settlement Act, 1918, be granted clear title to such lands as of March 31, 1944;

(b) That clear title be also granted to the widows, children or dependents of such soldier settlers;

(c) That in the case of veteran settlers who have been dispossessed of their land during the period between September 3, 1939, and March 31, 1944, either such lands be restored and clear title granted to the settler or adequate compensation made to him.

Mr. Harris moved, in amendment, that the Committee recommend that the period for applying for a write-down of the indebtedness of soldier settlers be extended to the first day of September, 1946, and that otherwise no action be taken.

Mr. Wright moved, in amendment to the amendment, that an equity equal to that granted to settlers under The Veterans' Land Act, 1942, be accorded to settlers applying for a write-down of their indebtedness under the Soldier Settlement Act.

After discussion, and by leave of the Committee, Mr. Wright withdrew his amendment to the amendment.

And the question having been put on Mr. Harris' amendment it was resolved in the affirmative.

Mr. Wright moved that the write-down of the indebtedness of soldier settlers, as recommended by the Committee, provide that the settler be granted an equity of 33½ per cent of the 1940-41 value of his land, irrespective of any payments made by him.

After discussion, and the question having been put, it was resolved in the negative on the following recorded vote: *Yeas*:—Messrs. Adamson, Archibald, Ashby, Fulton, Gillis, Herridge, Lennard, Marshall, McKay, Moore, Mutch, Quelch, Wright—13; *Nays*:—Messrs. Abbott, Baker, Belzile, Benidickson, Bridges, Croll, Dion (*Lake St. John-Roberval*), Emmerson, Gauthier, (*Portneuf*), Gibson (*Hamilton West*), Harris (*Grey-Bruce*), Jutras, Langlois, Mackenzie, Macdonald (*Halifax*), MacNaught, Tremblay, Viau, Whitman, Winkler, Winters—21.

It was ordered that the Chairman report the Committee's recommendation to the House forthwith.

The Committee proceeded to consideration of representations of the Canadian Association of Real Estate Boards that sub-sections (1) and (2) of section 33 of The Veterans' Land Act, 1942, be repealed.

Mr. Croll moved that licenced real estate dealers in the Dominion be permitted, on the usual basis, to act as agents in real estate transactions under The Veterans' Land Act, 1942.

After discussion, and the question having been put, it was resolved in the negative.

The Committee proceeded to consideration of the report of the sub-committee on co-operatives tabled on June 14.

Mr. Wright moved that the said report be referred back to the sub-committee for further study.

Mr. Jutras moved, in amendment that the preamble to the said report be struck out.

After discussion and the question having been put on the amendment it was resolved in the affirmative.

The question having been put on Mr. Wright's motion, it was resolved in the negative.

On motion of Mr. Croll, the report of the sub-committee, as amended, was concurred in.

Mr. Fulton gave notice of the following motions:—

1. This Committee recommends that The Veterans' Land Act, 1942, be amended to provide that the total cost of all homes over \$6,000 presently constructed or in actual process of construction under the Small Holdings Scheme be subsidized 25 per cent.

2. The Committee recommends that the Department of Veterans Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation, and pass them on to War Assets Corporation with the full priority of a Department of the Dominion Government.

At 1.00 o'clock p.m., the Committee adjourned until Thursday, June 20, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 18, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: It was agreed yesterday that we would decide, if possible, three matters which have been left over. The committee will remember that when the soldier settlement bill dealing with the reduction of interest rates was reported to the House, it was on the understanding that the question of clear title and so on which had been raised would be discussed and decided on by this committee. In an endeavour to get all matters having to do with the Veterans' Land Act and the Soldier Settlement Act cleared up, the committee decided yesterday to take up these three matters anyway to-day. So the first question that is before us today is the question of the soldier settlers.

As I pointed out yesterday, the deadline for applications under the order in council which permits a soldier settler to apply for a write-off has expired. I suggested yesterday that there might be some settlers who had not applied for a write-off because they were waiting on the decision as to whether or not they might get clear title. That is the situation. Those who did not apply cannot now apply because the order in council gave them the right up until 31st March this year, I think it was. The matter is for the committee to decide, as to what we are going to do in regard to the soldier settlers, if anything.

Mr. ASHBY: Mr. Chairman, I should like to ask if all the men were notified of this order in council limiting the time?

The CHAIRMAN: Would you answer that, Mr. Murchison?

Mr. G. A. Murchison, Director Soldier Settlement and Veterans' Land Act, recalled.

The WITNESS: All soldier settlers were sent a copy of the order in council, together with a blank application and instructions as to how to complete it. That went to all soldier settlers, regardless of the state of their accounts. I may say that as the first period approached expiration—that was December 31, 1943—we traced a large number of the veterans who had not responded. As a matter of fact, our field officials were instructed to personally contact a number of these boys, and to explain to them the advisability of submitting an application while that order in council was still in force. We found, on the expiration of the order on December 31, 1943, that a number of the soldier settlers had enlisted,—some of them were serving in various parts of Canada, some of them were serving overseas—and probably on that account they failed to make application under the order. Thereupon we recommended to government, and government approved, an extension of the time for application until March 31 of this year.

Mr. WRIGHT: How many applications were made by soldier settlers and what was the total amount of reduction given on those applications?

The CHAIRMAN: That is found on page 313 of the proceedings.

The WITNESS: That is on page 313 of the proceedings.

The CHAIRMAN: The whole statement is given:

To March 31, 1946, 1,619 debt reductions have gone through the books; the write-off amounting to approximately \$1,020,000. A further 125 cases are actually in process at the present time.

That was on May 2nd.

Hon. Mr. MacKENZIE: There are some more in the last week, too. Have you the details of those?

The WITNESS: There was another schedule of about 40 went over, sir.

Mr. BROOKS: How many have reduced their titles to 25 per cent of the original?

The CHAIRMAN: I might say for the information of the committee that the tables that were filed by the director are found on pages 336 and 337 of our minutes of proceedings and evidence.

Mr. BROOKS: We do not carry all that material around with us.

The WITNESS: You will see by the table on page 340 that as of the date of this return—May, 1946—there were 2,396 soldier settlers with an equity of 68·6 per cent; 1,446 with an equity of 30 per cent; 518 with an equity of 13·7 per cent and 203 who had no equity. But those estimates are based squarely on the 1940-41 land values. They do not take into account any increase in inventory values since 1942.

Mr. BROOKS: Could we have an estimate of what it would cost if we gave clear title to all the remaining soldier settlers?

Mr. CROLL: \$6,000,000.

Mr. MUTCH: Roughly \$6,000,000, they told us before.

The CHAIRMAN: It says here that the debt is \$5,445,000.

Mr. BROOKS: On what date?

The CHAIRMAN: That is as of the date when this was filed, I suppose, showing the debt position.

The WITNESS: Approximately \$5,000,000 would be the amount involved in the cancellation of the balance of the debt owed by the soldier settlers.

By Mr. Mutch:

Q. What is the annual cost of collection?—A. Our estimated cost of administering the Soldier Settlement Act at the present time is about \$100,000 a year.

By Mr. Fulton:

Q. \$100,000, did you say?—A. \$100,000 a year.

Mr. HARRIS: Mr. Chairman, there seems to be a certain reluctance on the part of members present who have spoken in favour of this cancellation of the indebtedness to speak up at the moment. My own views on the subject are well known. Therefore I move that this committee recommend that the period for applying for a write-down be extended to 1st September and that otherwise the committee take no action. My purpose in that is this. I am not going to rehearse all the arguments against or for the \$5,000,000 or \$6,000,000 debt. But I do feel that veterans probably did delay their applications at various times through no fault of their own; otherwise I think the committee would take some action different from the one I am suggesting. Therefore I think that they should not be penalized for having allowed the date line of 1st March to go by; and I think 1st September would give sufficient time to permit them to put in their applications.

Mr. McKAY: Mr. Chairman, I have a notice of motion with reference to the granting of clear titles to soldier settlers. I do not know whether this is the time to make it or not. My notice of motion was given on May 7th and if it is proper, I think we should go on with it now.

Mr. CROLL: Make your motion.

Mr. MUTCH: Move that the question be now put. That will bring it up.

The CHAIRMAN: I suppose your motion would be in the nature of an amendment to this, then.

Mr. MUTCH: It preceded it.

Mr. McKAY: I do not see that it is an amendment, Mr. Chairman. I have given notice of motion which is on record.

Mr. CROLL: That is right, Mr. Chairman; he did.

The CHAIRMAN: What date was this, did you say?

Mr. McKAY: May 7th.

Mr. MUTCH: Move that the question be now put.

Mr. HARRIS: If the motion is there, I certainly do not want to have mine put in the form of a motion. Mine will be in the form of an amendment to the motion.

The CHAIRMAN: I will read the motion. It is as follows:—

That all soldier settlers who took up land under the Soldier Settlement Board be granted clear title to such lands as of March 31, 1944; that clear title be also granted to the widows, children, or dependents of such soldier settlers; and that in the case of veteran settlers who have been dispossessed of their lands during the period between September 3, 1939, and March 31, 1944, either by quit claim or by eviction, such lands be restored and clear title granted to the settler, or adequate compensation made to him.

After discussion and by leave of the committee, Mr. McKAY withdrew his motion. That is what I understood the situation to be, that we had no motion in front of us. That is what the record shows.

Mr. McKAY: If you go on, you will find it states that my motion will be brought up again, on the suggestion of the steering committee.

The CHAIRMAN: Yes. I take it that you wish to bring it up now?

Mr. McKAY: Yes.

Mr. CROLL: What is the motion?

Mr. McKAY: To clarify this, if you will allow me to, I should like to speak for about five minutes.

Mr. MUTCH: Go ahead.

Mr. McKAY: With reference to my suggestion on May 7th, that all soldier settlers who were settled on land under the old Soldier Settlement Act of 1919 be granted clear title as of March 31, 1944, I have these very few remarks to make. In the first place, when the loan was granted to the veteran of World War I to purchase land, there was no gift from the federal treasury of any amount. Had a gift of \$2,320 been made, as is being made today to the veterans under the Veterans' Land Act, I doubt if we would have this problem facing us now; because the amount that is granted today—that is, this gift of \$2,320,—is a 39 per cent gift of the original loan. The interest rate is another factor. The interest rate in 1919 was set at 5 per cent, and it was jumped 2 per cent up to 7 per cent on arrears. This was another factor which militated against the veteran's ability to clear his land from debt. The rate today, of course, is 3.5 per cent. Had this rate been charged in 1919 and in the subsequent years

to the soldier settler of that time, there probably would not be 6,000 on the land today asking that their land be cleared of that indebtedness. As a matter of fact we only have 6,000, I believe, on the land today of the original 25,000. There must be some definite reason for that.

It has been suggested that it would be unfair to the soldier settlers who have been given clear title to their land, to wipe out the indebtedness of those 6,000 parcels because of this money owing. I cannot accept that view. I have yet to find a soldier settler with a clear title to his land who takes that attitude, and I have talked to a lot of them. Why should they take it? These men were all comrades in arms. Some obtained good land while others were less fortunate. Some had continued crop failures while others had substantial yields from time to time. They were not all treated alike in 1919. That is probably through nobody's fault in particular, but the fact remains that they were not all treated alike in the kind of land they were able to secure under the old Soldier Settlement Act of 1919; and they are not all treated alike today. I do not see that we have any argument there. For instance, today you have young veterans going to university who are getting very substantial grants from the state. We have no quarrel with that. It is an excellent thing. But there are others who are only getting civil re-establishment credits, a matter of hundreds of dollars where possibly university students may get grants that will run up in to thousands of dollars. When it is argued that we want to treat them all alike, I want to point out that we do not treat them all alike. In view of that fact I think we should give these men some consideration, the 6,000 who are making that request. They have laboured for 20 years and more to get a clear title to their land. Our concern today should not be for the men who have clear title; that should not be a matter of any concern of ours. Our concern should be for those who have not clear title, for these people who in the main are still struggling to obtain that title. In many cases it is a race with Father Time. The following letter which I have here, Mr. Chairman, reveals how at least one old soldier settler feels about it. This man is in Saskatchewan, and I will just quote part of the letter. I prefer not to use the name unless someone particularly requests it. It was written on 24th February this year, when this matter first came before the committee and reads in part:—

I served in France and Belgium in the first world war. Came home to find that while I was in . . . hospital—a hospital in England—my half section had been sold to a German.

And his name is given.

One quarter was my homestead and I owed for part of the other. I had to start all over again with the Soldier Settlement Board.

I am in my seventieth year and after twenty-five years I find myself still owing the Soldier Settlement Board \$986. I would like to have the satisfaction of having my land clear before I die, but if I continue to have hailed and dried-out crops as in the past, I can expect to have a supervisor come and ask me to sign a quit claim as others have had to do.

My only two sons volunteered and gave their services in this war. I've worked hard for them all these years and feel that I have surely earned the deed of my land.

I happen to know the man, and what he says is absolutely correct. As a matter of fact, he lives in a not too bad area, but an area that has been subjected nevertheless to continued hailstorms and a period of dry weather. He has worked hard. He has had a certain amount of ill health during that period of time and of course that militated against the whole matter. But the fact of the matter is that this man was thrifty and industrious and still he failed to get clear title to his land.

I am confident, Mr. Chairman, that by granting a clear title to these old soldier settlers we are righting a wrong and rectifying an injustice. Conditions are not likely to improve for these elder veterans. Between 1939 and 1943—and conditions were not too bad in those years on the farm—2,418 of these men left their lands, according to the figures given by Mr. Murchison before in committee. Should another 4,000 men give up their properties, which in many cases are very dear to them, the whole scheme known as the Soldier Settlement Act of 1919 can be termed an abject failure; not because the soldier settler was not thrifty, not because he was not industrious but because the cards were stacked against him: inflated purchase price, high interest rates and a succession of the most trying years ever to face the farmer, the thirties, when the products of the farm in many cases failed to bring prices large enough to keep him on a bare subsistence level, so he had nothing he could use to pay off his indebtedness.

I hope what I have said has not entirely fallen on deaf ears and so I move the following motion. I think this motion is practically the same as the other, except that I have subdivided it. With your permission, Mr. Chairman, I would move:—

- (a) That all soldier settlers who took up land under the Soldier Settlement Act of 1919 be granted clear title to such land as of March 31, 1944.
- (b) That clear title be also granted to the widows, children or dependents of such soldier settlers.
- (c) That in the case of veteran settlers who have been dispossessed of their lands during the period between September 3, 1939 and March 31, 1944, either by quit claim or by eviction, such lands be restored and clear title granted to the settler or adequate compensation made to him.

Hon. Mr. MACKENZIE: Mr. Chairman, I should like an opportunity to say a word. Speaking on behalf of the government, we are definitely opposed to this clear title suggestion for several reasons, and I will state them very briefly and very succinctly. In the first place, the concession of \$2,320 given the settlers under the present Act is not equal to the various repeated concessions that were given to the old soldier settlers after 1919. I admit with my friend that prices were too high. I admit that the interest rates were too high. But concessions were made, and I think that the suggestion contained in the amendment is absolutely unfair and inequitable. It is not fair to the boys who have paid up and who are paying up today in advance. They are paying up hundreds of thousands of dollars in advance, the old soldier settlers, the men who have really worked and are working upon their farms. If you give clear title to the men who have not worked so hard, you are working an injustice upon the fellows who worked hard upon their farms.

Secondly, you are wrecking the whole system of administration under the present Veterans' Land Act if you are going to give clear title to the old soldier settlers.

Mr. McKAY: Oh, no.

Hon. Mr. MACKENZIE: Oh, yes, you are.

Mr. McKAY: In what respect

Hon. Mr. MACKENZIE: You are held up in this case because they may not struggle so hard upon their farms with the hope that the same thing will be done for them that you are suggesting today should be done for the old soldier settlers, or a few of them who did not do so well upon their farms, possibly not through any fault of their own. I am not suggesting that for one second.

Thirdly, in your own province, sir, the Legion last year at the provincial convention turned this proposal down cold in Saskatoon; and they, I think, are friends of the soldier settlers. For these reasons I think this committee should turn down the suggestion.

Mr. BROOKS: Mr. Chairman, as one who supported the motion moved by Mr. McKay some time ago, I am still very much of the opinion that I held at that time, namely, that these old soldiers should have something done for them; and I agree that it would be only a matter of justice to give them clear title. The minister says that the \$2,320 given to the soldiers in this war is not as much as was given to the old soldiers over a long period of years. I might say to the minister that this \$2,320 is only the beginning. We do not know just what concessions will have to be made over the next 25 or 30 years.

Hon. Mr. MACKENZIE: That is the whole point of my argument.

Mr. BROOKS: Then there is another point that I think we should bear in mind. These men are of an average age of nearly 60. They are not starting out in life. They are not starting out in farming like the young men who are coming back. As my friend Mr. McKay very well said, they have been on these farms during the depression, during two wars and during all kinds of hardships; and I do not think it is altogether fair for the minister to say that perhaps the condition they are now in is due to the fact that they did not work as hard as the others.

Hon. Mr. MACKENZIE: I did not say that at all.

Mr. BROOKS: That was the implication.

Hon. Mr. MACKENZIE: Oh, no.

Mr. BROOKS: Some men who have paid for their farms, or most of them, I think, in fact, if you will look up the records—and Mr. Murchison can correct me if I am wrong—took up farms in sections of the dominion where it was possible to have a more successful farm than was the case with respect to some men who are today asking for clear title. Everything was more or less stacked against them. I do not wish to go over all the arguments that have been used, but I feel that it is a clear matter of justice to these men. The \$5,000,000 which is mentioned here is not a large sum as we think of money today. It is going to cost \$100,000 a year to administer the Soldier Settlement Board. This \$100,000 would pay the interest, practically, on the \$5,000,000. It is not altogether a total loss; that is the point I am trying to make, Mr. Chairman.

As far as the Legion is concerned, the minister quoted the Legion of Saskatchewan. I think; but the recommendation made by the Legion, if it were a recommendation—it may have been an expression of opinion—does not coincide with the recommendation that has been made by the dominion command of the Legion. I quoted yesterday, and I should like to quote again today, since the minister has brought it up, just what recommendation has been made by the dominion command of the Legion. At page 1254 of our proceedings of the committee of 1945, No. 34, they stated as follows:—

A debate occurred in the House of Commons recently on this subject and many members spoke in favour of the proposal. Representations by soldier settlers through the Legion have followed similar lines and the following resolution is submitted for the consideration of this committee:—

Therefore be it resolved that, in order to be fair to our ageing veterans . . .

And they stress the fact that these men are ageing.

. . . and to bring the old and the new settlement acts more into line, the dominion government be asked to readjust the debts of the 6,153 original soldier settlers who have not paid for their lands, such readjustment to take into consideration the difference in interest rates charged

under the said acts; and that following such readjustment the government be further asked to cancel the debts of those original soldier settlers whose debt has been, or may hereafter be, reduced to 25 per cent of the original purchase price or the reduced purchase price.

That is the recommendation of the Canadian Legion, not of the provincial command or any smaller body; that is the recommendation of the Canadian Legion after considering all the facts. I should like to ask the minister this question: what is to happen to these old men? As I say, they are 60 years of age. They have brought up their families on these farms. For 60 years they have struggled. They have educated their children there. These farms have been their homes. I do not believe, despite all you may say, that these men can pay for these farms. Are we going to turn them off the farms and turn them out to the public to look for help along some other lines? Then mention has been made of the widows. There are many widows with families on these farms. The man himself is dead. Are we going to say to the widows that they cannot be given title to their lands? I think, Mr. Chairman, that this is a matter that we should give very grave consideration to. It is not going to cost this country very much. I do not believe it is going to establish any precedent which will be detrimental in the future. I feel very strongly that we should pass this motion.

MR. WRIGHT: I spoke on this matter on a number of occasions. I think what we are forgetting today is just the circumstances in which we settled these old soldier settlers after the last war. I happen to be one of them, along with some others in this committee, and I should like to give you briefly what those circumstances were. I am going to use my own case as an example, and it is only one of thousands of others. I came back from the last war and wanted to buy land under the Soldier Settlement Board. There was a particular section of land, a school section held by the Dominion of Canada, because school lands were under the dominion government. That land had been offered for sale to the general public at \$10 an acre in the school lands sales in 1918. I came back 6 months after that. My application for the land offered the dominion government \$10 an acre for it but I was informed that it could only be sold by auction sale. Three months later I was notified that the land had been turned over to the Soldier Settlement Board for sale and if I was still interested in it to communicate with the Soldier Settlement Board. I communicated with them. What do you suppose they asked me for that land? They had offered it to the general public in 1918 for \$10 an acre. They asked me \$20.50 an acre for one quarter and \$23 for another. I bought one quarter for \$20.50 an acre, over twice as much as it had been offered to the general public for less than a year before. Those were the circumstances under which those boys came back and bought land. As regards the other quarter that they asked \$23 an acre for, nobody bought it. It went back to the school lands, but came up for sale again in 1927 and I bought it for \$15 an acre as a civilian buyer. But they asked returned men \$23 an acre for it. That is what happened. The 30 per cent that they got later on did not nearly cover the inflated value of the land at the time the soldier settlers were settled in the latter part of 1919 and 1920.

As to the minister's argument that it is not fair to the men who paid for their land, that is just nonsense. There is not 1 per cent of the men who have paid for their land who begrudge these men who are still there struggling to pay for their land, the right to clear title to their land. I will venture to say that in the case of 90 per cent to 95 per cent of these men who have been unable to pay off their land, it has been for reasons over which they had no control,—sickness in their families, poor land or something of that sort. There was no care taken in the selection of the land. Men were settled in the drought areas. They were settled out on land in the section of the country that I come from where we not only had drought but on land that should never have been settled,—poor land; and they did not have a chance to pay for it. Now after 20 or 25

years of struggle, I think the least we could do would be to give these men clear title to their land. Many of them have raised families. Many of their families have served in this war. Many of them are still over on the other side and their fathers here, 60 to 70 years of age, are struggling, trying to make their final payment on land which they bought 25 years ago at an entirely inflated value.

As far as stock was concerned, I remember cattle being sold at \$100 to \$125 a head and horses from \$400 to \$500 a team and within 6 months those prices had gone down 75 per cent. You could buy the same cow for \$25 and the same team of horses for \$100 to \$150. Those are the circumstances. We do not want to forget this experience because it is 25 years since that happened; and that is why those debts are there today in many cases.—because of sickness, because of inflated values, because of the dominion government's failure to institute a real settlement scheme. It was not the settler's fault.

This time we have learned. We have had tremendous experience as a result of the old Soldier Settlement Act and we have gone at the thing in an entirely different way. We are not settling the soldier today on any old kind of land. We are definitely seeing that he is settled on decent land. We are seeing that his rate of interest is low. We are not purchasing land at inflated values. As a matter of fact, they turned down hundreds of orders in my section of the country because of the values being asked for them. The procedure under the new act is under entirely different circumstances. I think the least this committee can do for the old soldier settler is to give him clear title to his land and see that he is given the chance that he did not have before. I second the motion.

Mr. ASHBY: Mr. Chairman, I wish to say just a few words on this matter. I think that we all understand the terrific conditions under which the old soldier settlers have carried on in the past. It seems to me that we have now a choice either of method or of result. The result desired is that the old folks be given their homes and the land for which they have struggled all these years. On the other hand, there is the method which we are using, and we have that choice. Shall we choose the method or shall we choose the result? We are going to make our choice now. We do not live for methods but we live for results, and these old soldier settlers have carried on all these years to obtain this result. We can give them that result or we can neglect them and continue this method. We can choose which we want.

Hon Mr. MACKENZIE: Mr. Chairman, I should hate to intrude upon the discussion unduly, and I appreciate very strongly, as much as anyone in this committee, the sentimental appeal of those who have advocated this principle. But this principle will destroy the administration of the land settlement of veterans of the present war. I am convinced of that, and I am charged with a certain amount of responsibility in that. In the first place, there was a revaluation of the land prices mentioned by my friend Mr. Wright. There was a revaluation time after time of the stock and equipment of the soldiers of the old war. The old soldier settlers are paying up today not only their actual debts but they are paying up by prepayments, hundreds of thousands of dollars, upon their settlement. There are only 300 settlers in Canada who have asked for this concession, which means the destruction of a principle. I will not, as long as I am in charge of the administration, stand for the destruction of that principle; that is fair and clear.

The CHAIRMAN: Might I just give a few figures, because I am sure that the committee may not have them in their minds.

Mr. Mutch: Question.

The CHAIRMAN: There are 1,532 soldier settlers who have paid their loans since the date line mentioned of March 31, 1944. 1,532 have paid for their land in full, so I take it that that resolution would mean that they would have a refund on what they paid. That is, there are 1,532 out of a total of 5,662 who

have paid for their land; which is closely approaching a quarter who have paid for their land over the period covered by the resolution. Then I just want to give to the committee the figures with regard to the present soldier settlers as of March 31, 1946. There are 2,396 who have an equity of 40 per cent or more in their land; 1,446 have an equity of 20 per cent to 40 per cent; 518 have an equity of less than 20 per cent and 203 have no equity at all. The total number is 4,563, of which, as I say, 203 have no equity at all. The total write-off shown in the statement in regard to soldier settlers will be found on page 336; just so we have the actual figures in regard to the loans repaid in cash, the loans repaid in cash from April 1, 1944 to March 31, 1945 were 898; and from April 1, 1945 to March 31, 1946 were 634. The total write-offs under legislative enactment have been \$58,123,000 and interest exemptions \$10,269,000 making total write-offs of \$68,392,000. Those are, I think, the relevant figures.

Mr. QUELCH: Mr. Chairman, first of all in reference to the statement made by the minister that the concessions under the new Act are not as great as the concessions that have been granted under the old one, I should like to remind him that these concessions were made from time to time and very seldom ever caught up with the situation that had developed. I should like to remind him that the price of cows in 1919 was around \$150, and that by 1921 the same cows were worth about \$35; so that no reduction that was made ever caught up with that tremendous deflation that took place.

In so far as the other statement is concerned, that if we were to give clear title we would discourage the settlers of this war from making payments, surely he is not going to suggest that veterans would cease to make payments in the hope that 26 or 27 years hence they would be given a clear title. It is 26 or 27 years since these men were settled. I think the history of the whole scheme in the past has shown that just as soon as the settler got in a position where he could pay, he did so. The reason the settlers have not paid is not because they were hoping that a reduction would be made or that clear title would be given, but rather because they were not in a position to make payment.

In 1942 a committee gave this matter a lot of consideration. We were dealing with the new Act and also with the old Act. I remember when the matter was introduced by the director and by Mr. Woods, the reason was given for introducing the new principle. We were told that the mortgage companies considered it essential for a man to have a 50 per cent equity in his land to make a success of it. The Central Mortgage Bank Act went considerably beyond that. Therefore it is proposed in this new Act to establish an equity of around 33 per cent. I might perhaps quote Mr. Woods' statement which is to be found at page 2 of the proceedings. It reads:—

Thus, if land is purchased for a settler to the value of \$3,600 which is the maximum for land and improvements, the bill provides that the debt must not exceed two-thirds of that amount, or \$2,400. It provides in addition, that stock and equipment may be purchased in an amount not to exceed one-third of the cost of the land, but no additional charge is made for the stock and equipment. The maximum that can be advanced for this purpose is \$1,200.

It will be seen that the settler's debt is fixed at a maximum of \$2,400 which is 50 per cent of the cost of land and stock and equipment.

In other words, as it was originally formulated, a settler had a 50 per cent equity. Then later on we increased the amount of credit a soldier could get, so that instead of having a 50 per cent equity, it was reduced to a 33 per cent equity in the land and 39 per cent equity in the land, stock and equipment. That was recognized as the minimum equity a soldier could have and at the same time succeed. In other words, if a veteran did not have an equity of $33\frac{1}{3}$ per cent in his land, his chances of paying for his land were considered to be practically

negligible. We discussed the matter at great length in the committee when we were considering the old Soldier Settlement Act, and it was unquestionably the general opinion of the committee that the principle of the new Act should be granted to the soldiers of the last war.

I should like to remind the committee of the statement that was made by the chairman and Mr. Murchison at that time, which will be found at page 162:—

The CHAIRMAN: I realize that. I was going to point out that failures have been largely due to circumstances over which the settlers have no control. What we should attempt to do, I think, in making a report, or suggested amendments, is to try to bring this situation of settlers in distress in conformity with the present bill 65.

Then at page 167, when the discussion had progressed further and I was referring to the position of some 3,000 veterans who were in bad financial condition, Mr. Murchison stated as follows:—

Mr. MURCHISON: That will not involve any great problem if you agreed in the reduction of these accounts to a point where the reasonably efficient settler has his account adjusted to a basis comparable to the principle embodied in bill 65 where he is given an equity of 24 or 25 per cent in his land on the basis of present day value.

Finally the committee made a recommendation, and I am satisfied that the majority of the members of that committee, when that recommendation was made, had in mind that an equity similar to the equity in the new bill would be granted; that is, approximately 33 per cent. The actual recommendation did not mention the amount. It merely stated as follows. I will just give the last part of the recommendation:—

With the objective if feasible and practical, of establishing an equity for the settler; provided that the settler is in personal occupation of the land and that such agreements have not been terminated, rescinded or assigned.

That was embodied in the recommendation of the committee. Many of us felt at the time that the amount of the equity should have been stated, but it was not stated. In view of that discussion I think it is fairly easy to see that the sentiment of the committee was that the equity granted in the new bill should be extended to the soldiers of the last war. Finally an order in council was brought down, but unfortunately the order in council was a negation of the recommendation of the committee. Instead of granting an equity, it states that no equity shall be granted. It states that the reduction shall be based upon the present day value of the land. In the committee it was agreed that a reduction would not be based upon the present day value of the land but upon the 1940 level. Mr. Murchison had been suggesting that present day values were higher today. This is what Mr. Crerar had to say:—

Hon. Mr. CRERAR: Would not that be a bit illusory? I think you are quite right in saying that there is an increase of 10 per cent in the value of farm lands, which is the reflection of better prices for most, if not all, agricultural products—I would say all excepting wheat—and I can understand that that might increase still further; but when the war ends and, perhaps, we have a condition where we have agricultural surpluses in almost every respect and low prices, if the natural laws are allowed to operate would not there come about a decline in farm values, and you would be back to where you are now?

That is at page 131 of the 1942 committee proceedings. So Mr. Crerar was recommending that in making a reduction we should keep in mind the values in 1940 and not the present day inflated values. But what does the order in

council say? The recommendation of the committee was to grant the soldiers an equity and that that equity be based on 1940 values. But this is the order in council No. 14472, and it reads in part as follows:—

(b) Make application to the director for a reduction of his indebtedness to the director, and the Treasury Board may on the recommendation of the director confirm or reduce such indebtedness, provided, however, that the recommendation made by the director shall be based upon the amount which in his judgment constitutes the present and prospective productive value of the land; the effective date of reduction if any shall be the standard date in 1942.

It is based upon 1942 values, not 1940 values; and it has not provided for an equity in the land at all. I say that the order in council is unquestionably a negation of the recommendations made by the committee. On the other hand, I certainly want to compliment the director of the Soldiers Settlement Board for having gone far beyond that order in council because if he had strictly adhered to it any reduction that would have been made would have had the effect of merely bringing the debt down to the actual value of the land today, and it would have been a question of thanking the government for nothing. They would not have received anything because they would have still owed more than the land was actually worth.

Then what took place? I have here sessional paper number 125-B of June 11. In reply to this question, "How many of the 3,800 soldier settlers classified in grades 3 and 4 as at March 31, 1942, have had their debts adjusted under P.C. 10472", we find that 1,739 made application. The next question is, "How many of the above failed to make an application under this order", and the answer is 1,787. Then the third question is:—

How many of those whose debts were adjusted had their debts reduced to the point where they had an equity in their land of (a) over 30 per cent—

and only 377 of these soldiers making application had their debts reduced to the point where they had an equity of 30 per cent. Yet unquestionably the opinion of the committee that sat in 1942 was that an equity of $33\frac{1}{3}$ per cent should be granted to these soldiers. Out of a total number of applications of 1,739 only 377 were given an equity of 30 per cent. Then the next part of the question is as to how many were granted an equity of over 15 per cent, and the answer to that is 1,298, and under 15 per cent there were 64.

It is quite easy to understand why we find the present situation in which there are 1,446 settlers with an average equity of 30 per cent, 518 with an average equity of 14 per cent and 203 with no equity at all. Had the principle of the new Act been applied to the settlers under the old Act then today I think we should have had a position where no soldier who had made application would have had an equity of less than 40 per cent because if that soldier had been granted an equity of $33\frac{1}{3}$ per cent surely in the last three years of good prices they would have been able to increase their equity by 7 per cent.

I think these figures prove conclusively that there is little or no chance of the soldiers in the lower categories ever being able to own their land. Therefore, when we come to the motion we have before us that a clear title be given to these men I think whether we are going to vote for that motion or not if we are going to be honest with ourselves we will admit that the only way these men will get a clear title will be by having it granted to them. They will never get it otherwise. I am talking about the men in the low categories. I am not talking about the man with an equity of over 50 per cent. Surely if we recognize the fact that a young man starting out with new equipment requires an equity of $33\frac{1}{3}$ per cent to ever own the land we must realize that men who

are 55 years and over, and in the majority of cases with their equipment worn out, will never be able to own their own land when they have an equity of less than that amount. That is why the committee in 1942 recommended that an equity of 33½ per cent should be given to the soldiers of the last war. That was undoubtedly the sentiment of the committee.

I think we can very well grant clear titles at this time. I have not the fear in my mind that the minister seems to have that by granting clear titles we are going to endanger the present Act. I do not think that young men starting out on the land today are going to sit down and refuse to pay in the hope that 27 years from now they are going to be given a clear title. These men want to get title to the land just as quickly as they can get it, and just as quickly as they are in a position to pay they will pay. I think Mr. Murchison will bear me out that in the majority of the cases where a soldier can pay he pays. There are exceptions, but the war has shown that when prices went up many soldiers were able to improve their condition. Unfortunately a large number of soldiers in the lower category have not been able to do so. So again I repeat the only way these old soldier settlers will ever own their homes is by having a clear title given to them.

Mr. CROLL: Mr. Chairman, we have been over this ground pretty thoroughly both in the House and here. We are asked to make a rather hard and, I think, difficult decision this morning. The government have already indicated what their views on it are. I gather from what the minister said there were three important matters that contributed to the position the settlers find themselves in at the present time, bad land, high prices, and high interest rates.

In so far as bad land is concerned we have overcome that to some extent. In so far as interest rates are concerned we have changed the interest rates, but I think we ought to salvage something. I do not know what the sense of the committee is yet. I do not know what they are going to do with the motion that is now before us, but at least we can salvage this much from it. We were faced yesterday and we are faced today with high prices. We had before us yesterday the matter of prices for small holdings. If we have learned anything at all from all these discussions we must know that we cannot impose an impossible burden on the men who are taking land at the present time whether by small holdings or otherwise. To sell a man a house at the present time at \$7,000, \$8,000 or \$9,000 is, in my opinion, a mistake. It is an impossible burden. Of course he will buy. He has no choice. He must buy, but nevertheless we will be faced with the same situation not in 27 years from now but perhaps in 5 or 10 years. Whoever is here will be faced by that situation.

I think the minister ought to consider very seriously exactly what position he is going to take with respect to those homes that we agreed to deliver at a fixed price. We find ourselves unable to do it at the present time. I think the minister should consider whether the government should take up the slack or whether the man should take up the slack so that we will not be faced with that situation again. As I said before we have gone over the situation very thoroughly. We have three or four matters to deal with. I do not think that any one of us can add to what has already been said. I think we ought to get on because we have three or four more matters that are very urgent and important. We ought to finish them this morning.

The CHAIRMAN: Mr. Murchison wishes to make a statement.

The WITNESS: Mr. Chairman, Mr. Minister and gentlemen: Far be it from me to try to impose my views as an administrator on the committee at this critical stage of the discussion of a very important principle, but some comments have been made during this meeting and at others which I can only interpret

as being a suspicion of bad faith on the part of the administration in administering that order in council, 10472. I suggest to you, Mr. Minister, that the manner in which that order in council was administered finds its answer in the response by soldier settlers themselves who have benefited under that order. I gave an undertaking to the first committee on veterans land settlement that we would use 1940-41 land values in carrying out these adjustments. As I said in a meeting some time ago that undertaking was carried out right to the letter. I make no secret of the fact that we deliberately discounted 1940-41 values by 15 per cent to make sure that the spirit of the order would be observed.

I can also confess now, and I have no regrets whatsoever, that in many cases we have discounted these 1940-41 values by as high as 50 per cent in exceptional circumstances.

By Mr. Quelch:

Q. Will you permit a question? Did you have that authority under order in council 10472?—A. No, we did not have that authority. We were instructed to adjust these accounts, to make recommendations based on our estimation of the present and prospective productive value of the land. It would be insane on our part to try to give expression to what that order meant if we did not take fully into account the circumstances confronting the individual upon whom we were relying to make that farm produce. We took the human factor into account as well as the land. Otherwise we would have been in the position of saying to quite a large number of these elderly soldier settlers whose places are located in some of the borderline districts that "under efficient management there is no reason why this land should not pay its way; you have had a very substantial adjustment under the Farmers Creditors Arrangement Act", but that is not the attitude we took.

I want to assure you, Mr. Minister and gentlemen, that the whole operation was carried out as clearly as we could within the spirit and intent of the recommendation of the committee and under the authority granted to us under the order in council. Let me say again, gentlemen, that the test of the whole operation is to be found in the actual record of repayments by soldier settlers within the last few years. Surely these men are not dissatisfied with their treatment when they are meeting their current payments in full and prepaying their accounts by an amount approximately equal to their current instalments.

I would be the last one in the world to oppose any arrangement which would simplify the problems of the administration. I have gone through this thing for many years. I realize there are still some difficulties. I tell this committee there are a limited number of our good old soldier settler friends who are not in a position today to carry any kind of contract debt, but I can couple that with the assurance, too, that this administration has not disturbed these old fellows in the peaceful occupancy of their farms.

MR. QUELCH: I do not know whether the director was directing any of those remarks to myself, but if so he missed the tenor of my remarks because what I want to impress the committee with is this, that we placed the director in a position where he had to go further than he was allowed to go under the order in council. The order in council did not give him power to bring about a reduction on the basis of 1940. It said 1942. It did not give the director the right to grant an equity. Then I quoted figures to show that an equity of 15 per cent, and in some cases up to 30 per cent, had been granted. That is where I think we are making a mistake in making recommendations that do not go as far as we intend the director to go thus placing the director in a position where he has to go beyond our recommendations and possibly get in trouble with the Treasury Board. If we mean a thing we should put it in our recommendation,

and not have it merely in a statement in the committee reports. If an amendment is moved to extend the date line then I think we should certainly have in that amendment that the equity of 33½ per cent should be granted or, if you like, that the principle embodied in bill 65 should be taken into consideration when making reductions. Then the director will not be in the position of having to go beyond the order in council. You are putting him in a very awkward position.

Hon. Mr. MACKENZIE: I may say that not a single recommendation of the director was ever turned down by the Treasury Board.

Some Hon. MEMBERS: Question.

Mr. QUELCH: The minister says that no recommendation of the director was ever turned down but the point is that when the director made these recommendations he must have had in mind the order in council, and therefore his recommendations would be less than they would be otherwise.

The CHAIRMAN: To be in order I think that the introductory part of the motion should be worded like this. "This committee recommends that the government take steps to provide that", and then (a). Is that satisfactory?

Mr. McKAY: Yes.

The CHAIRMAN: Then there is an amendment by Mr. Harris which is to this effect, that all the words after "that" just before subsection (a) be struck out and these words inserted so that it will read:—

This committee recommends that the period for applying for a write-down of the indebtedness of soldier settlers be extended to the first day of September, 1946, and that otherwise no action be taken.

Is that clear?

Mr. WRIGHT: I wish to move a sub-amendment to the last amendment that the words "that otherwise no other action be taken" be struck out and that it read that an equity equal to that granted to the soldiers of the present war be granted to those applying for a write-down.

Mr. QUELCH: I will second that sub-amendment. May I point out that was actually the recommendation of the chairman of the committee in 1942 when he stated:—

What we should attempt to do, I think, in making a report, or suggested amendments, is to try to bring this situation of settlers in distress in conformity with the present bill 65.

The CHAIRMAN: Let us get this, that an equity equal to that granted to settlers under the Veterans Land Act be provided for any such write-down.

Hon. Mr. MACKENZIE: It is my duty to point out to the committee that the equity granted in varying ways at varying times to the old soldier settlers is \$2,800 up to \$4,000 and in some cases up to \$6,000 instead of \$2,320 under the present Act.

Mr. QUELCH: Twenty-seven years from now we will likely find that the concessions granted under this bill will have been considerably greater than that.

Mr. Mutch: Let us vote on it.

Mr. WRIGHT: I want it understood in that amendment I am not asking that the total reduction be on the basis of the new Veterans' Land Act, but that these settlers who are still under the Soldier Settlers Board be placed in the same position as new settlers under the Veterans' Land Act, not taking into consideration anything that has gone before.

Mr. CLEAVER: To clarify the matter, I do not see how you are going to word this sub-amendment in such a way as to make it intelligent for us to vote on.

To clarify it I would suggest that Mr. Harris restrict his amendment to the extension of the deadline date. Then the committee would be free to entertain a second motion by Mr. Wright in regard to the equity.

Mr. MUTCH: Just strike out the words, "that no other action be taken" or else add "by this committee".

The CHAIRMAN: Are you satisfied to have it that this committee recommend that the period for applying for a write-down of the indebtedness of soldier settlers be extended to the first day of September, 1946 that they have the right to apply under that order in council.

Mr. CLEAVER: Then Mr. Wright or anyone else can come along with a new amendment.

The CHAIRMAN: Are you satisfied with that, because otherwise we are getting involved it seems to me.

Mr. HARRIS: My intelligence is so little that I do not want to be involved in any way if I can help it, but if I understand the general situation the motion of Mr. McKay would commit us to a principle to which I am opposed. I have moved an amendment to provide for certain methods. Mr. Wright comes along with an amendment which in effect restores the matter that Mr. McKay is trying to suggest to us.

Mr. QUELCH: No, no.

Mr. WRIGHT: Not at all.

Mr. QUELCH: It merely brings it in line with the present Act.

Mr. HARRIS: Very good.

The CHAIRMAN: Mr. Wright, if the committee voted on this just what equity would we be directing the veteran to establish? That is, the write-off depends on the amount that is invested in land and also on the amount that is invested in machinery.

Mr. QUELCH: The principle that was established was that the soldier should only have to repay two-thirds of the value of the land.

The CHAIRMAN: Is that what you say there, that they are to be written down so that a one-third equity in the land shall be established?

Mr. WRIGHT: Yes, on the basis of the 1940 prices.

Mr. HARRIS: Surely that is not a proper amendment to my amendment which provides for an extension of the time of the write-down.

Mr. BROOKS: It would be better to have it as a new motion, I would think, after we dispose of this.

Mr. WRIGHT: If it is the wish of the committee I can move it as a new motion or as an amendment to the amendment.

Mr. MUTCH: It is a proper amendment to the amendment. Let it ride.

Mr. WRIGHT: It is a proper amendment to the amendment, absolutely.

Mr. MUTCH: Let us vote on it.

Mr. ADAMSON: Would you read the amendment?

The CHAIRMAN: It would be like this, instead of "that no action be taken" it would be that there be a write-down to an equity of one-third of the value of the land based upon 1941-1942 prices,—

Mr. WRIGHT: 1940-1941. I should like to ask Mr. Murchison at just what dates they had the value of the land. You did set a value on these lands, I believe, in 1939 or 1940?

The WITNESS: We established inventory values of all our loan accounts in the winter of 1940-1941.

Mr. WRIGHT: On that basis 33 and $\frac{1}{3}$ per cent.

The CHAIRMAN: It will read that a write-down to an equity of one-third of the value of the land affected based upon 1940-1941 prices be established.

Mr. BROOKS: It seems to me it is a question of procedure. I take it that Mr. Wright is supporting the main motion?

Mr. WRIGHT: Yes.

Mr. BROOKS: Now he is placing himself in the position of moving an amendment to a motion which he, as I understand it, is in favor of.

Mr. CROLL: He is salvaging.

Mr. BROOKS: It seems to me that the salvaging should be done if the main motion is defeated.

Mr. MUTCH: We all understand the situation. Let it go.

Mr. WRIGHT: Under the circumstances as stated I agree I am putting myself in a rather awkward position. I will withdraw my amendment and will put it in the form of a motion.

The CHAIRMAN: You have heard the motion of Mr. Harris that the words after "that" be struck out and that our recommendation be as follows, that this committee recommends that the period for applying for a write-down of the indebtedness of soldier settlers be extended to the first day of September, 1946, and that otherwise no action be taken. Those in favor of the amendment please say yea. Those against please say nay. In my opinion the yeas have it. Do you wish to have a show of hands?

Mr. BROOKS: Yes.

The CHAIRMAN: Those in favour of the amendment please raise their hands. Twenty-two. Against, thirteen. The amendment is carried. Now we are on the main motion.

Mr. MUTCH: The motion as amended.

The CHAIRMAN: Shall the motion as amended carry?

Carried.

Mr. BROOKS: On division.

Mr. WRIGHT: I would now move that in the revaluation of the land as suggested by Mr. Harris that an equity of 33⅓ per cent be granted to all those who make application.

Mr. MUTCH: Question.

The CHAIRMAN: Have you got that amendment? Would you repeat that amendment, Mr. Wright?

Mr. WRIGHT: I have not it written out, but it is that in the revaluation of the land as suggested in Mr. Harris' motion, 33⅓ per cent equity be granted to all settlers in their land, irrespective of what has been paid already, and that the 33⅓ per cent be based on 1940 values as set by the Soldier Settlement Board. They have that right.

The CHAIRMAN: Are you ready for the question?

Some Hon. MEMBERS: Question.

The CHAIRMAN: Those in favour of the amendment, say aye. Those against, nay. In my opinion the nays have it. Do you wish to have a show of hands? I declare the motion made by Mr. Wright lost. So we will report this resolution.

Mr. QUELCH: Mr. Chairman, I think we should have a show of hands on that last vote.

The CHAIRMAN: That is quite all right. Any member of the committee is entitled even to have the committee divide. So certainly anybody who wants a show of hands is entitled to it.

Mr. WRIGHT: I am going to ask for a recorded vote on that last motion.

The CHAIRMAN: You are satisfied with a show of hands, I take it, Mr. Wright?

Mr. MUTCH: No. He wants a recorded vote.

The CHAIRMAN: What he means is a show of hands, I take it.

Mr. MUTCH: No, he wants the names taken.

Hon. Mr. MACKENZIE: There is no such thing as that in committee.

Mr. MUTCH: All right. Those in favour stand.

Mr. CROLL: No.

The CHAIRMAN: A recorded vote means that we have to read out the name of each member present in the committee, and he has to answer yes or no.

Mr. WRIGHT: That is what I am asking for.

The CHAIRMAN: All right. I would recall to the members of this committee that we have fifteen bills yet to consider, and if we are going to take time with a long division like this on every matter it is going to take so much time that we are not going to get the work done.

Mr. HARRIS: Mr. Chairman, as I recall it, you put the motion and declared it lost and proceeded with a new order of business, or were about to do so, before any request was made for a recorded vote. Therefore I think members lost their opportunity for asking for it at that time. They may do it on another occasion, but I am sure this time the opportunity had passed before they asked for it.

The CHAIRMAN: I would uphold you to this extent, Mr. Harris, that I said that the motion was lost; but in view of the fact that in the past the members have not insisted on dividing the committee and have been satisfied with a show of hands, if any member wanted a show of hands, I would agree to that being done, even although it was going back on a declaration made. That was a concession to the committee and in a desire to co-operate.

Mr. MUTCH: Mr. Chairman, speaking on the point of order, if it is a point of order, may I say that we are all interested in saving time. A recorded vote does take a little time, but it takes less time than one speech; and it is much easier to record the opinion of this committee on a recorded vote than it is to allow everybody to get up and put himself on record. I suggest that we have a recorded vote and be done with it.

The CHAIRMAN: I would say that my ruling is that all the chair is ready to allow at the present time is a show of hands; because I said I would reconsider because the committee had been co-operative in the past.

Mr. GREEN: Mr. Chairman, with all due deference, I do not think it wise to take an arbitrary stand of that type. There was some confusion here when you called for the vote; I suggest that we do not be too technical, and that you go ahead and have a recorded vote.

The CHAIRMAN: If there is going to be an argument about it, we will have a show of hands.

Mr. GREEN: Oh, no.

The CHAIRMAN: I mean, we will have a recorded vote. The committee, after all, is master of its own procedure. If it is the desire of the committee, we will have a recorded vote. Will you proceed with it. Answer yes or no as your names are called. The vote is on the motion of Mr. Wright.

Mr. GREEN: Will you read the motion again?

The CHAIRMAN: I think it has been stated often enough in the committee for us to know what we are voting on. The suggestion of Mr. Wright was that on such a write-down an equity be establish equal to 33 $\frac{1}{3}$ per cent of the value of the land as established in 1940 and 1941. The motion was taken in

shorthand, but that is my understanding of the motion of Mr. Wright. Those in favour please say yes and those against say nay when their names are called.

(The motion was negatived on a recorded vote—yeas, 13; nays, 21.)

The CHAIRMAN: I declare the motion lost. I take it that it is your wish that we will embody this in a report to the House so that we can get that order in council passed as soon as possible, if the government sees fit to agree. So I will make that report to the House today, if possible. Is that agreed?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: The next item on the agenda this morning—I almost said “program”—is the question of real estate agents. That was a contentious question that was left over on the understanding that we would decide on it and report on it. Have we decided on anything?

Hon. Mr. MACKENZIE: May I say that the government will accept whatever the recommendation of this committee is in that regard. The Legion was opposed to it before, but I think we can take an immediate vote and find out the opinion of this committee.

Mr. GREEN: Mr. Chairman, I thought there was to be some investigation into the possibility of working out some agreement with the real estate board. If I remember it correctly, that is where the matter was left last fall. I do not know whether it was the director or the department who were to consult with the Real Estate Board of Canada, to see if some mutually satisfactory arrangement could be reached.

The WITNESS: My recollection is that the matter was left on the basis that the organized real estate profession would submit a proposal as to the basis upon which they were prepared to give their services in connection with purchases under the Veterans' Land Act. Up to the present time I have received no proposal and as far as I am concerned, Mr. Minister, the real estate profession have not made any proposal to the government. That is all I can say on it. I do not think it is a matter for the administration to go to the real estate profession all over Canada to negotiate a basis. They have certain rules of procedure. They have certain by-laws which they must observe in their respective boards and organizations as to the rate of commission that they should charge and collect. Therefore I would say, as director, that the onus rests on the real estate profession to put forward a proposal which might be considered. But as I say, there has been no such proposal thus far received.

Mr. CROLL: Mr. Chairman, I think what happened was that the real estate dealers got such a cold shoulder from the director the last time they were here that they waited for us to make some move, or to give the matter some consideration. I am going to move now that the licensed real estate dealers—and I think they are all licensed in the Dominion of Canada—be permitted on a basis to be worked out, or on the usual basis—whatever it is; I think it is laid down—to act as agents in real estate transactions under the Veterans' Land Act and the Small Holdings Act. I think those are the two.

Mr. GREEN: That is the Veterans' Land Act.

Mr. CROLL: I think that is the Veterans' Land Act too. I say that for this reason. In the first place, despite the fact that we have proceeded with this course for some 20-odd years, I think it is an undeserved economic discrimination against a group of citizens in Canada. I find, generally, that the real estate agent in a small town is usually also an insurance agent and a very reliable man in his community. As a result of laws passed in the various provinces regulating real estate agents, we find that their status has been somewhat raised, with the result that they are able to hold their own with any other business institution or profession. I think they can be of service to the department in the administration of the Veterans' Land Act, particularly in

the small communities. They can be helpful to the returned man. The returned man to them is as much a charge as he is to us; they feel as kindly towards him and they are not likely to take him for a ride as has been suggested here.

Mr. GREEN: Many of them are returned men themselves.

Mr. CROLL: Yes; as Mr. Green says, many of them are returned men themselves. In the cities they are well established businesses. I think the department, crowded as it is with work, can well afford to allow them to partake in the work. If they find, in the course of some experience, that it is not working out well, they can come back here and point significantly to some of the abuses, if there are any, and we will take action appropriate to the occasion. But until such time as that occurs I think that course could be followed, in view of the complaints that we do receive—and I think justifiably—that there is somewhat of a holdup in many instances. I do not say that for the purpose of casting any reflection upon the department; they are doing their utmost. I think that there are two complaints we get. One is that the legal work is being held up, and I do not think that is the department's fault. The other is that they are not able to get out and locate property they would like. These men are all available, free gratis and for nothing. They may make a bad deal sometimes, but they cannot do much worse that what has been described to us happened twenty years ago, when some of those soldiers were put on pretty bad land. That is not happening this time. For that reason I think we ought to extend to them the right to come in on the same basis as they do business with everyone else in the Dominion of Canada.

Mr. QUELCH: Why do you say "free gratis"? There is a commission charged.

Mr. CROLL: No, not to the soldier. If there is no business done, there is no charge at all.

Mr. LENNARD: I wish to support Mr. Croll's motion, because I know of an instance where a farm was sold on the outskirts of St. Thomas by a real estate dealer early in 1944—this land was slightly over 100 acres in extent, with a two storey brick house and a barn on it—for \$8,000. Last year, in 1945, the government bought 33 acres of this land, without the buildings; for over \$9,000; and yet within a quarter of a mile, on the same concession, 50 acres were bought for \$6,000, about 50 per cent of the price that the government paid for this property. I claim that if they had dealt through the responsible real estate agent in the St. Thomas district they could have saved money to the people of Canada.

Mr. HARRIS: Mr. Chairman, may I say that I do not want to get into a discussion of individual cases, but I have found in my slight practice in law that when a piece of real estate is sold, there are about five people show up afterwards and say "Oh, I would have paid more for that if I had known it was for sale" but in fact none of them really mean what they say. And the reverse is true, that when you pay \$10,000 or some sum for a piece of property, you immediately have half a dozen people coming along saying "Well, you could have bought Smith's farm over there for \$5,000." That may not be true either. While I have no doubt whatever that what Mr. Lennard has said is true, I do not think that is the basis on which the committee should make its determination of this question. For some 20-odd years, as Mr. Croll has said, we have had a system of purchasing land under the Soldier Settlement Act and now under the Veterans' Land Act which, in my opinion, has worked reasonably well. The department may not have any more qualified inspectors and agents than you might find anywhere else. Yet at the same time the whole administrative department has been set up on the basis that they are buying land; and I say this with complete sincerity, that in my own riding there are delays, but so far as I know there has never been an accusation of an improper purchase or a

purchase very much out of line with existing prices as they go. I do think that the system presently in use should be continued, without any reflection on the real estate agents in any form, simply because the thing is functioning well. I have no doubt that many years ago the persons who were operating the Soldier Settlement Act concluded on the present system with considerable forethought and perhaps some experience. I realize that 20 years later real estate agents may very well have a far better system of dealing with these things and may now have acquired a far higher standard of ethics, and therefore it is not proper to exclude them just for what they did many years ago. But I am in favour of leaving the Act as it is and excluding the real estate agents from coming into the operation of the administration of the Act. Have we a motion before the committee?

Mr. CROLL: Yes, I moved it.

Mr. HARRIS: I suggest that the motion be put.

Mr. GREEN: Mr. Chairman, it may be that the position is different in different parts of the country. That probably is the actual situation. But I know in the greater Vancouver area men have lost out on sales or on purchases because the settlement board have not the facilities for locating property that is for sale. All of these properties, or practically all of them, are listed with the different real estate firms. In our province the real estate men are all licensed and bonded and are really on a professional basis just the same as the lawyers or the doctors. I have known different cases where men simply did not get hold of the property because the settlement board has not the facilities for locating property that is for sale. I have also known many cases where the real estate agents have helped out, although they cannot get any commission. They helped out in order to help the veteran. I think they are being penalized here unfairly. That would be my summing up of the situation in our particular area. I think it would be of benefit to the veterans if they could use the services of these licensed and bonded real estate firms. The seller is the man who pays the commission. The commission does not come out of the buyer; and the board has facilities for checking sales to see whether or not the price is fair. It is not as though the price that was shown by the real estate firms need be accepted by the board. They have every opportunity to refuse to deal on that basis or to get the price cut. I really think it would be a benefit to the veteran if the restriction were lifted.

Mr. QUELCH: Mr. Chairman, I think the Act should remain as it is. We are interested in trying to get the land sold to the veteran at as low a figure as possible. What is the aim of the real estate agent? Is the aim of the real estate agent to sell that land for as low a price as possible? No. His business must be to get the highest price he can. That is what he is in business for. Therefore he is going to try to sell at as high a price as possible. You may say, "Oh well, he would not do that to a veteran", but we asked these real estate agents when they were down here if they would be prepared to make a rebate of commission or a percentage of rebate of commission to the veteran, and we could not get them to agree to make any rebate at all.

Mr. FULTON: They get commission from the seller. Why should they?

Mr. QUELCH: Now, surely nobody is quite so naive as to say the seller pays the commission.

Mr. GREEN: Oh well, they do.

Mr. QUELCH: Just a minute. I have known many farmers who sold land to real estate agents, and they have known that they are going to have to pay a commission, so what did they do? If they are willing to sell that land for \$2,000, they add to the price of that land the amount of the commission and then list it with the real estate agent for the price they are willing to take plus the com-

mission; and they are willing to go to somebody else and sell it for less than they listed it for with the real estate agent. So it is unquestionably the buyer who in reality pays the commission. I think it is nonsense to suggest that the seller pays it.

Mr. GREEN: That may be true in your part of the country.

Mr. QUELCH: I think it is probably true in all parts of the country, because after all the real estate men are in business to make a profit and the highest profit they can make. But we did feel out these real estate agents when they were down here to see if they would be prepared to make some concession to the veterans. They suggested they would be willing to help the soldier, but when we suggested to them that they should be willing to rebate some of the commission to the veterans, we could not get an offer from a single one. Therefore I think the Act should stay as it is.

Some Hon. MEMBER: Question.

Mr. ADAMSON: I want to state contrary to that, because I believe one thing you have got to do in this case is to look after the interests of the veteran. Dealing with your real estate agent, your real estate agent is a far more flexible set-up than the board. The real estate agent very frequently knows a great deal more about the property than the board can know, knows property that is likely to come on the market, and has a great deal more knowledge of the local situation than the board can have. I speak as one coming from a district around Toronto, and I know that in many cases the real estate men can give the veteran a better deal, a quicker deal, than he can get by going through the regulations of the board.

There is another point that I think should be brought up that has not been mentioned, and that is that the soldiers and veterans settling do not like to be concentrated; they do not like to be known as a veterans' settlement. So far as most of the men coming back are concerned I do not say that they want to forget that they are veterans, but they do not want to be concentrated into an area and have it said, "This is a veterans' settlement area." Under the present machinery there is a tendency to do that, and the men who are put in these concentrations of veterans rather resent it, because they want to get back and be regarded as perfectly normal Canadian citizens. They do not want to be considered as living in a veterans' community. I feel that allowing the real estate agent to sell to the veteran will very greatly assist the veteran. Otherwise I would not take the stand I do.

Mr. LENNARD: Mr. Chairman, I should like to tell the whole story in respect to this property in the St. Thomas district. After buying 33 acres for something like \$9,000, the government came along later and bought the rest of that property and they paid in all some \$14,700 for property that was sold last year for \$6,000.

The WITNESS: I should like to have the particulars of that.

Mr. LENNARD: I will let you have them.

The WITNESS: But if I may, I should like to mention one word to the committee before you reach a decision on this, and I am speaking purely on behalf of the administration. I try to take a practical view of these things, knowing that we are conducting real estate transactions all over Canada. If this thing is decided, we will be in contact with many thousands of real estate agents. In the average town there is not one real estate agent but there is more likely to be two, three or four; and in our large cities, of course, there are many more than that. I fear, Mr. Minister, that if it is decided to bring in the real estate agents to assist us in this work—and goodness knows, I am looking for assistance; there are plenty of problems—I do fear that sooner or later and in quite a number of cases the administration will come under suspicion in the minds of real estate

agents whose deals are turned down while other fellows' deals are approved. There will be a feeling in their minds that there is a nigger in the woodpile somewhere. They will say, "How is it that this agent can get a deal through and I cannot?" That will throw under suspicion the men in whom we repose great confidence for careful appraisal and sound and above-board negotiations. There will nevertheless be a suspicion that there is something wrong when this man's deal goes through and the other is turned down. I should like the committee to keep this in mind, because we will have criticism of that sort develop.

Mr. CROLL: You have had it now, though. You had a case in Windsor that caused some considerable difficulty, and your answer to the others is a very obvious answer: "There is the deal. It is an open book. We are conducting a business here. When you have got good deals, we will take them; and when they are bad they are turned down." That is the policy you have followed for years, and being in an administrative position you must be prepared to be susceptible to some suspicion sometimes without feeling bad about it.

Some Hon. MEMBERS: Question.

The CHAIRMAN: The present section is Section 33. The effect of this would be that we recommend that section 33, subsections (1) and (2) be repealed. It provides:—

33. (1) No person, firm or corporation shall be entitled to charge or to collect as against or from any other person, firm or corporation any fee or commission or advance of price for services rendered in the sale of any land made to the director, whether for the finding or introducing of a buyer or otherwise.

(2) No person, firm or corporation shall pay to any other person, firm or corporation any such fee or commission or advance of price for any such services.

I take it that your amendment would seek to have those sections in the Act repealed?

Mr. CROLL: That is right.

The CHAIRMAN: Those in favour of the motion of Mr. Croll please say aye; those against nay. In my opinion the nays have it. Do you wish a show of hands?

Mr. FULTON: Yes.

The CHAIRMAN: Those in favour of Mr. Croll's motion please raise their hands. Those against. I declare the motion is lost.

(Motion negatived.)

The next item of business that we hoped to deal with this morning is the question of cooperatives.

Hon. Mr. MACKENZIE: We might vote on it right away.

The CHAIRMAN: Do we have a motion on that?

The CLERK: No. We have a report from the subcommittee.

The CHAIRMAN: We had a report from the subcommittee and on the basis of that report, unless there is an actual motion I suppose that no action will be taken by this committee.

Mr. GREEN: Would not the committee either have to approve of the subcommittee's report or otherwise?

Mr. HARRIS: Yes. It should be adopted.

Mr. MUTCH: Not necessarily.

Mr. CROLL: It could die.

Hon. Mr. MACKENZIE: Who was the chairman?

The CHAIRMAN: The subcommittee recommended that no action be taken on the request. There was some objection taken to the wording of the preamble of that subcommittee's report and the suggestion was made by a member of the subcommittee that he had not been consulted in the preparing of it. So I take it that the subcommittee's report that we are concerned about is the actual effective part of it, that no action be taken.

Mr. GREEN: You mean we are not concerned with the preamble?

The CHAIRMAN: The matter is before the committee.

Mr. WRIGHT: Mr. Chairman, I am very concerned with the preamble. I happen to have been in the west and I just got back this morning, and I read the preamble as reported in the press. If the people who drew up that preamble think that the cooperative movement in Canada is something new, that cooperation is something new, as expressed in that preamble, and as changing our order of society, or something to that effect, I am afraid they have been asleep for the last 25 or 30 years in this country. The cooperative movement is recognized as one way of doing business in this country in every line of endeavour—in banking, in manufacturing, in retailing and every other line of endeavour in this country. For an intelligent committee to bring in a preamble such as that to their recommendation just seems so much nonsense so far as I am concerned.

As far as the conclusions of the committee are concerned, that the grant cannot be used for the purchase of land cooperatively—and I take it that does not mean only land, but it means that a cooperative cannot be formed to buy a fishing boat, to go into lumbering or to go into any other line of endeavour cooperatively in this country—I think as a committee we are just not looking at things straight. We are living in a world today in which competition has put us into a very precarious position, not only in our own country but throughout the world as well; and the sooner we learn to cooperate individually, to cooperate as provinces and to cooperate as nations, the sooner we are going to have a reasonable kind of world to live in. That is all we are asking in this bill. All we are asking is that in those provinces in which they have cooperative acts, where the equity of the man entering the cooperative is guaranteed, that if he is not satisfied with the cooperative he can get out and get his equity out, in those cases they should be allowed to use their grants cooperatively to establish themselves, to buy machinery and to buy land. Anyone who has studied farming at all in Canada knows today that the time of the quarter section farm, as far as western Canada is concerned, has gone, that you cannot buy the proper equipment to work it efficiently unless you have more land than that. The same will apply not only in western Canada, but I believe will apply right throughout Canada in the next few years. I think this committee is making a mistake in accepting the recommendation of that subcommittee as it was brought in. I do not know just what the procedure should be, but I think the matter should be referred back to the subcommittee for further study. I certainly do not think that report as it was brought in here—at least as I read the press report of it—should be accepted by this committee. I therefore move that it be referred back to the subcommittee for further study.

Mr. JUTRAS: Mr. Chairman, as chairman of the subcommittee I take full responsibility for the drafting of the said report. I think that many members are reading far beyond the wording of the report. In the first clause referred to, I make it quite clear that the only new feature of it was the application of the philosophy; and that came out of the evidence of the Hon. Mr. Sturdy, who did say quite clearly that they were establishing a school that lasted a month where the veteran could go to get this and study this philosophy, and he used that very word. I used the same word that he did. The idea there

was certainly not to bring out the thought or idea that the cooperative is new in any way, shape or form. The point is that it brought out, in my opinion anyway, a new application of that philosophy at the present time. However, be that as it may, as we understood it, this subcommittee was set up to save the time of the main committee. The idea was that we could call witnesses and hear them before the subcommittee, then report back to the main committee to save time. That we did. So that there would not be any misunderstanding we had stenographers take every word that was said in the committee. This stenographic report was printed and distributed to every member of this committee. Personally I am quite prepared to let the report stand on its own feet, as backed by the two reports of the evidence that we tabled with it. I do not want to enter into a long discussion. I myself do not intend to enter into a long discussion to try to substantiate the report in question. I am prepared to let it stand on its own feet. If the committee would rather decide on the principle of the thing than on the report, I, for one, have no objection; if that would save time I suggest that we do that.

Mr. WRIGHT: I want to object very much to the procedure of the committee. The committee did not go out to get witnesses with respect to the co-operative movement. Mr. Sturdy happened to be in Ottawa and we asked at the committee to have him appear before the committee. If they had been studying the matter of the co-operative movement they should have called witnesses from the co-operative movement in Nova Scotia and the co-operative movement in other provinces in the dominion and gone into the whole matter thoroughly. I do not think the matter has been given sufficient study to accept their recommendation.

Mr. QUELCH: Mr. Chairman, as a member of that sub-committee I do deplore somewhat the way the report is worded, because some people are a little bit touchy on the wording that was used, and it just gives it a political tinge. To my mind the main reason for us not being able to agree to set up some form of co-operative was the difficulty at arriving at some formula for giving each individual an equity in that farm so that in the event of a soldier having to withdraw at a later date, it would be possible to return to him his equity. We did not seem to be able to arrive at any decision as to how that could be done. But I voted in favour of the proposal to amend the Act, to provide for setting up of some form of co-operative, because I do believe that we should arrive at some way in which a number of soldiers can go together and pool the money they might get under the Veterans' Land Act. The reason I am in favour of it is this. A number of soldiers today are being turned down under the Veterans' Land Act because their financial resources are insufficient to make it possible for them to proceed under the Act. I am not criticizing the Veterans' Land Act for one minute, because parliament took a very definite stand when this bill was introduced. We were very critical of the officials of the old Soldier Settlement Board for settling men who, as time has shown, did not have a chance to succeed. Therefore the officials of the Veterans' Land Act were warned to be more careful in their selection of men, and as a result they are not settling any men unless they consider they have a real chance of succeeding. If a man has no financial resources outside of what he is going to get under the Act, generally speaking I believe he is turned down. But on the other hand, if five or six soldiers could get together and pool the amount of money they could get under the Veterans' Land Act to buy machinery, equipment and stock, they would, I believe, have a good chance of success. If that is going to be done, there must be some way of deciding that, in the event of one of these soldiers wanting to withdraw, he can take a certain amount of his equity with him; and that seems to be the main stumbling block. But I do not think we went far enough. I still think it should be possible to devise a scheme whereby that could be done; and I should like that responsibility to be thrown back on Mr. Murchison. Let him evolve a plan. I know he probably would not like that because he is a very busy

man. But I am very sure that Mr. Murchison might put that problem into the hands of certain people who could work out a formula whereby such a scheme could be worked out.

Some Hon. MEMBERS: Question.

Mr. HARRIS: Mr. Chairman, we have got down from Mr. Wright's discussion of co-operatives as co-operatives to a very limited field mentioned by Mr. Quelch. There is a good deal of difference between the co-operative movement, dealing with farming features, and two neighbours agreeing among themselves to share the cost of a particular implement. If we go into the larger field that Mr. Harris has mentioned, I am sure this committee would be going far beyond what it was intended to do.

Mr. QUELCH: Could not we go even as far as you suggest?

Mr. HARRIS: I thoroughly agree that co-operatives should be encouraged. I have been a member of the co-operative movement for 19 years and I believe in the thing. At the same time, as I say, there must be a limit to what we do as a Veterans' Affairs Committee. I agree that if two veterans agree between themselves and both of them qualify in other respects as veterans under the Veterans' Land Act, they should have some means of perhaps sharing something they want to get. But that is such a limited thing that I agree with Mr. Quelch that something might be worked out along that line. But I would hesitate to get into the other field that Mr. Wright has mentioned. I would be quite agreeable to having the matter go back to the sub-committee for further study of that limited field which I thought, in fact, they were going to cover in the first place. I think they could profitably study the thing again and report back to us.

Some Hon. MEMBERS: Question.

The CHAIRMAN: You have heard the motion of Mr. Wright. Just how is that worded?

The CLERK: That the report of the subcommittee on cooperatives be referred back for further study.

The CHAIRMAN: You have got it that the report be referred back for further study.

Mr. WRIGHT: Yes.

The CHAIRMAN: Do you insist on that or are you ready to accommodate yourself to the suggestion of Mr. Harris that this matter be referred back to the subcommittee for further study?

Mr. WRIGHT: I think the report should be referred back. I object very strenuously to the wording of the report. I think naturally the report should be referred back for further study of the whole matter, and I think other witnesses should be called from the cooperative movement across this country to see what their aims are, before this committee makes a report.

Mr. EMMERSON: Mr. Chairman, what was the work for that committee to do? As I understood it, we were not to go in and study the whole cooperative movement. I did not so understand it. I thought we were to study the proposal set forth in the suggestion that the administration of the Veterans' Land Act be changed so that the men could be put on the land cooperatively, under some cooperative plan. We had witnesses there to report to us, or to give evidence on the methods proposed by the movement in Saskatchewan. But I did not understand that we were to study the whole cooperative movement.

Mr. CROLL: On principle.

Mr. GREEN: Could we have the original reference of the committee, Mr. Chairman?

Mr. MUTCH: While you are looking that up, may I say that I do not think it is the province of a subcommittee of this committee. I was not present at the meeting when this particular subcommittee was set up, although I have

missed very few; and I think the practice of allowing a subcommittee to call witnesses and to make recommendations with respect to general subjects is outside the usual practice and, in my opinion, outside of good sense. I think a subcommittee should have special problems arising in this committee referred to it for consideration. If referring this report back to the subcommittee means that the subcommittee is going to launch out into an investigation of the possibilities of cooperative farming or fishing or anything else, then I am opposed to it completely. I would much prefer to adopt the report and be done with it, because that I think is simply creating another forum for something which is specifically none of our business. If, on the other hand, this committee is of the opinion that Mr. Quelch appeared to me to be mentioning a few moments ago, that they should get together as a group from this committee amongst themselves to seek out some way of suggesting a method by which this committee might feel like recommending to the government that Mr. Murchison be empowered, for instance, to allow two neighbours to buy a threshing machine, or some other practice which has been current for the last 45 years on the prairies, for instance—allowing something like that, some specific consideration—then I think the subcommittee might well meet again. But if the subcommittee is going to hear anybody or proceed to call witnesses and get transcripts of their evidence and so on, I think that is outside of the field of the subcommittee, and that the sooner you wash it up and forget about it, the better.

Mr. CROLL: Mr. Chairman, may I follow up what Mr. Wright has said? I have no reason to quarrel for the moment with the finding of the committee. I am assuming for the moment that I am not asked to express an opinion. But I think that these words in the report are dangerous, "Whereas the cooperative farming projects are experimental ventures in the application of a new philosophy of a different social order; and whereas no basic change appears to have taken place in the philosophy of our Canadian people in regard to land ownership." Those words are going to be very widely quoted by people who want to quote them. I am not one of those who believe in junk and trash like social suicide and that sort of thing as being a proper implement of political warfare. I do think this puts the members of this committee, which has always acted in a non-political way, in a very embarrassing position, and it is likely to find us expressing philosophies here when we ought to be expressing opinions and doing acts. I, for one, feel that that may do more harm to the committee than good. It may be related to cooperatives; I think the words Mr. Sturdy used were these: "organization of cooperative farms and cooperative philosophy and organization" and so on. Word may get out that this committee expresses a view that is contrary to the cooperatives. I have heard every man in this House say something nice about the producer cooperatives as against other cooperatives, and I do not think there is any one of us here opposed to cooperatives to any extent at all. We may be opposed to this method of doing it, as Mr. Quelch says, but we are not opposed to cooperatives, I do not think. That impression may get out, and I think it is very dangerous and harmful to this committee. For that reason, I should like to ask my very good friend the chairman of the subcommittee, Mr. Jutras, if he would not reconsider falling into line with Mr. Wright's recommendation, that it be referred back to the subcommittee and that they bring us back a solution to our problem or that it is a problem that they cannot solve at the present time, without expressing what I am sure is not their own view.

Mr. MURCH: Mr. Chairman, rising again just on that point, I am opposed to referring it back. I do not care whether the report is adopted or shelved or what is done with it, as far as that is concerned. I am afraid that in this Mr. Croll is on sound ground when he says there are possible interpretations of a political nature to be put on the wording. If that is so, whatever damage there is in that, it is already done. Mr. Wright himself read it in the press

in the west, and that is the medium through which those things come about. But I am opposed to sending this report back or reconstituting the subcommittee for the purpose of making a study of co-operatives as such. I am opposed to that, completely and irrevocably, as far as I am concerned. If we have a specific suggestion which this committee thinks might be considered and they would like a subcommittee to get together and see whether some practical details are possible, then I have no objection to that. But I do not think the way to get that is to refer the report back. I doubt very much if it is. Quite frankly, I do not hold with the idea of a subcommittee, although I am a member of one, making general studies on abstract questions with a view to doing that. I do not think that is the field of this committee; and if it is not the field of this committee how can we delegate it to a subcommittee?

Mr. WRIGHT: I am not asking that this be referred back to study the whole co-operative movement. That is not the idea at all. The intention is that it be referred back to the committee for study of the application of the co-operative principle to this particular Act, that is all; not the whole co-operative movement.

Mr. Mutch: That is the same thing.

Mr. JUTRAS: That is the original reference to the subcommittee, as referred to it by this committee, that we were to study an amendment of the Veterans' Land Act to permit these people to go into a co-operative.

Mr. FULTON: Have you got the original reference?

The CHAIRMAN: Order, gentlemen. Each member of the subcommittee may have had different reasons for arriving at the conclusion he did. What this committee is interested in, I think, is the conclusion arrived at. I hope it will not be regarded as a reflection on anybody in the committee if a motion were made to bring the thing right to a head—no reflection on the co-operative movement or anybody else—that we adopt the effective part of the subcommittee's report. I ask you to consider this, Mr. Wright, in order to save time. It will bring it to a head. It reads as follows, and this is what it would mean adopting:

Your subcommittee, although it feels very sympathetic towards co-operative efforts in any parts of Canada, does not feel justified at this stage to recommend a departure from the general principle of giving assistance to veterans on an individual basis and such further extension of the benefits of the Veterans' Land Act.

That would bring the thing straight to an issue. The subcommittee think that we should not extend the Act from its present individual basis and that this committee only consider the actual recommendation, because I am sure that different people on that subcommittee might have a different attitude towards that preamble. I do not think we should take the time in this committee to debate the question that is raised in the preamble, because that is a very big question and we have so much to do. I suggest, Mr. Wright, that if you are satisfied, we might take a straight vote on whether we accept that paragraph, the last paragraph of the subcommittee's report.

Mr. WRIGHT: I want the preamble deleted, and I am not satisfied until it is. It is a reflection on the co-operative movement.

Mr. CROLL: Move it.

Mr. WRIGHT: I have moved it. I moved that it be referred back to the subcommittee to redraft it and bring it back to this committee.

The CHAIRMAN: You wish to speak to that, Mr. Jutras?

Mr. JUTRAS: In view of that suggestion, Mr. Chairman, I would move—I do not know whether I am in order or not—that all the preamble be struck out.

Mr. CROLL: All right.

The CHAIRMAN: That is an amendment. Those in favour of the amendment that all the preamble be struck out?

Mr. GREEN: What is the main motion?

The CHAIRMAN: The main motion is that it be referred back, and in amendment it is moved by the chairman of the committee that the preamble be struck out.

Mr. MUTCH: And the balance agreed to.

The CHAIRMAN: And the balance agreed to.

Mr. QUELCH: Mr. Chairman, you are putting us in an impossible position. One has got to vote to wipe out the preamble and then vote for the main motion.

The CHAIRMAN: All right, just wipe out the preamble. The amendment is to wipe out the preamble. Does that satisfy you?

Mr. MUTCH: It cannot.

The CHAIRMAN: All right.

Mr. WRIGHT: I will accept that.

The CHAIRMAN: Let us have a vote. Those in favour of the amendment that the preamble be struck out? Against?

(Amendment agreed to.)

The CHAIRMAN: That is carried. Now there is a motion by Mr. Wright that this report of the subcommittee, which consists now of the last paragraph be referred back.

Mr. WRIGHT: Yes.

The CHAIRMAN: Those in favour of Mr. Wright's motion? Against?

(Motion negatived.)

Mr. CROLL: I now move concurrence in the report as amended.

The CHAIRMAN: It is moved that we concur in the report as amended. Those in favour please raise their hands.

(Motion agreed to.)

Mr. FULTON: Before you adjourn. Mr. Chairman, I want to give notice that I want to bring in two motions dealing with matters you have already discussed. One is with regard to the cost of veterans' houses.

The CHAIRMAN: Let us have that, gentlemen, to save time, so that we will know what is in front of us on Thursday.

Mr. FULTON: Do you want the motions now, Mr. Chairman?

The CHAIRMAN: I wish you would read them, if you have them handy, so that the members may have knowledge of them.

Mr. FULTON: Yes. On the cost of housing, I will move:

That this committee recommend that the Veterans' Land Act, 1942, be amended to provide that the total cost of all houses over \$6,000 presently constructed or in actual process of construction under the small holdings scheme be subsidized to the extent of 25 per cent.

And on the question of priorities, I will move:

That the committee recommend that the Department of Veterans' Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation and pass them on to War Assets Corporation with the full priority of a department of the dominion government.

The CHAIRMAN: Thank you, Mr. Fulton. We will now adjourn until Thursday at 11 o'clock.

The committee adjourned at 1.15 p.m. to meet again on Thursday, June 20, at 11 o'clock a.m.

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SESSION 1946
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 35

THURSDAY, JUNE 20, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister of Veterans Affairs;
Mr. G. A. Murchison, Director, and Mr. J. S. Crawford, Chief, Machinery
and Equipment Branch, Soldier Settlement and Veterans' Land Act.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

THURSDAY, June 20, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Baker, Belzile, Benidickson, Blair, Brooks, Cleaver, Cockeram, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Drope, Emmerson, Fulton, Gillis, Green, Harris, (*Grey-Bruce*), Lennard, Marshall, Mackenzie, MacNaught, McKay, Moore, Mutch, Quelch, Sinclair (*Vancouver N.*), Tremblay, Tucker, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, Deputy Minister, Department of Veterans Affairs; Mr. G. A. Murchison, Director, and Mr. J. S. Crawford, Chief, Machinery and Equipment Branch, Soldier Settlement and Veterans Land Act.

The Chairman tabled a letter dated June 5 received from The Saskatchewan Association of Rural Municipalities, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Crawford was called, submitted a statement respecting priorities to veterans on the purchase of farm machinery and was questioned thereon.

Discussion followed.

Moved by Mr. Gillis that this Committee hear representatives of the Reconstruction Department and of the Finance Department for the purpose of determining if it is possible, through some machinery devised by the Departments of Reconstruction and Finance, to remove at least one of the factors limiting the operation of The Veterans' Land Act, 1942, i.e., the lack of machinery, and that the Committee pursue this subject until it arrives at some conclusion.

After discussion, and on the assurance of the Chairman that the matter would be brought to the attention of the Ministers of Reconstruction and Finance with the request that they submit any proposals they might care to make to the Committee, Mr. Gillis withdrew his motion.

Mr. Crawford made a statement regarding priorities to veterans in the purchase of surplus war materials and was questioned thereon.

Mr. Fulton moved that this Committee recommend that the Department of Veterans Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation, and pass them on to War Assets Corporation with the full priority of a Department of the Dominion Government.

After discussion, it was agreed that further consideration of Mr. Fulton's motion be deferred to a day to be set by the steering committee.

It was agreed that Mr. Fulton's notice of motion given on June 18, viz:—

That this Committee recommend that the Veterans' Land Act, 1942, be amended to provide that the total cost of all homes over \$6,000 presently constructed or in actual process of construction under the Small Holdings Scheme be subsidized 25 per cent.

be referred to the steering committee and that a day be set aside for discussion of it.

The Chairman tabled a draft of a proposed bill to amend The War Service Grants Act, 1944, which was ordered to be distributed to members of the Committee.

At 1.00 o'clock p.m., the Committee adjourned until Monday, June 24, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
June 20, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, we will proceed. I have a copy of a letter here which was sent to the hon. the minister dated June 5 from the Saskatchewan Association of Rural Municipalities embodying resolutions passed by their association at its annual meeting having to do with veterans' matters, but largely with matters under the Veterans' Land Act. Some of the matters about which they passed resolutions have already been dealt with, but I think it might be well for us to put this document on the record for the perusal of members of the committee. Is that agreeable to honourable members?

Agreed.

(Letters and accompanying resolutions appear as Appendix A)

The CHAIRMAN: Gentlemen, we have with us this morning Mr. Murchison and the officer in his department who looks after farm machinery matters. I think we should have a statement from Mr. Murchison and his officer in regard to this matter.

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, recalled.

Mr. J. S. Crawford, Chief of Farm Equipment and Supplies Division, called.

Mr. MURCHISON: Mr. Chairman and gentlemen, I have with me this morning Mr. Crawford, the chief of our farm equipment and supplies division, who has been in charge since the outset of operations of arranging with Canadian manufacturers for the production of farm machinery required in our settlement operations. Mr. Crawford has had practically a lifetime of experience in the merchandising of farm machinery and other related commodities, and I felt that he was, without doubt, better equipped than I to give this committee a factual outline of the situation with regard to farm machinery, the steps that we have in mind to improve the position of veterans who are not coming under the Act but who still want farm machinery, and also some suggestions as to the manner in which veterans may obtain more ready access to tractors, trucks and cars which may be released by the War Assets Corporation to the various trade outlets. I shall allow Mr. Crawford to proceed with his explanation at this point.

Mr. CRAWFORD: Mr. Chairman and gentlemen, there are a lot of things I know more about than speaking to a gathering of this kind; but I should like to outline briefly what has been done in the past in an attempt to meet the needs of veterans who are establishing themselves outside of the Act. During the last year we had in effect and we still have, as a matter of fact, what we

call a certificate of identification which the implement industry more or less requested from us so that they might be in a position to give preferred treatment to veterans in respect of their machinery requirements. That worked very satisfactorily up to a point, but once the production of implements became reduced through strikes and other work stoppages, particularly of tractors, the shortage was so acute that it was not possible to take care of all those having a certificate of identification. However most of the implement companies took it upon themselves to more or less classify the holders of those certificates and to deliver, or at least give preference, to veterans with overseas service. That still left a large number of veterans, both with overseas service and without, without machines as well as other farmers; so early this spring in our organization we felt that something should be done to improve the situation, and I made a survey and I contacted as many of implement company branch managers as I could across the Dominion, and also the head offices of the Canadian companies, to discuss this matter with them. The idea was to arrive at some means whereby we might take care of at least overseas veterans. I should like to read the suggestions that we have here because I think that will save a lot of time:—

Priority for veterans in respect to farm implement purchases.

We have had under discussion for some time now the matter of developing a priority for veterans in respect to farm implement purchases. This matter has been discussed with leading implement manufacturers and with the majority of branch managers of implement companies across the dominion and it is the consensus of opinion that a priority should be developed and made available to veterans with overseas service only, which would give them first priority on any machines available for sale, provided the veteran is prepared to pay the regular approved price for such equipment.

It is estimated at the present moment that the Canadian production of farm implements for 1947 will be at least normal or on a par with 1945-46 and that, provided strikes in the United States are settled within a reasonable length of time, the importation of tractors will be slightly higher than normal. But, in spite of this fact, it is estimated, because of increased buying power and a backlog of requirement plus the heavy requirement of veterans being established under the Veterans' Land Act, that there will not be sufficient equipment to take care of all requirements and that, therefore, there will be cases where deserving overseas veterans who have been away from their farms for several years will find it impossible to obtain the essential equipment they require to carry out their re-establishment plans.

It is considered unwise to extend an overall priority for the purchase of farm equipment to those veterans who have served in Canada only, because it is felt that veterans who have not served outside of Canada have had an opportunity through their years of service to keep in touch with their farming operations and to keep their equipment in fairly good shape. They have also had an opportunity during the months prior to discharge to give some consideration to their rehabilitation requirements, which is not the case with veterans who are returning from overseas. And we feel that the farmer who is producing food stuffs on a large scale, even though he is not a veteran, must not be entirely forgotten and that there would be a danger if priorities were granted to all veterans that the overall production of food stuffs might be adversely affected. It is felt, therefore, that if veterans with overseas service who have a definite need and can establish essentiality are provided with an overall priority

for essential equipment, it would be safe to assume that veterans with Canadian service only would be able to take care of their requirements without any great hardship to them.

The Plan:

It is proposed that a veteran be given an opportunity to make application to any authorized representative of Veterans' Land Act for a certificate of identification and essentiality covering the equipment he requires. The V.L.A. representative will verify the veteran's bona fides as to service and the dealer from whom he intends to purchase the goods will verify the essentiality of the equipment to be purchased. After the veteran's bona fides as to both service and essentiality have been established, a priority certificate will be issued to him which would be recognized by dealers as a first call on any stocks available except those stocks which are in the process of being delivered to another veteran on priority or to a veteran under V.L.A. contract.

That is the suggested remedy we have to make. Now, would you like me to go on with the war assets item or to stop here?

Mr. GILLIS: Mr. Chairman, I think that is a sufficiently important matter to be discussed right now in order that we may keep matters in proper focus, because if we interject another matter we may mix things up.

I listened carefully to what the witness had to say on this matter of farm equipment, and it seems to me that one of the limiting factors in putting on the land men who are desirous of going on the land is the lack of farm machinery, and that lack of farm machinery, as I understand the witness to point out, is largely due to the fact that production in farm machinery was curtailed in the United States and that until such time as the United States straightened out their labour difficulties—he mentioned the word “strikes”—that limiting factor was going to prevail in Canada. Now, that is an old philosophy, and I think it is one that Canadian people have to get away from. I refer to this business of leaning on the arm of the United States for essentials in this country. I do not think it is necessary. The main problem which confronts the world today is food for starving people, and the North American continent is going to be the bread-basket of the world for some considerable time. Therefore, this attitude of waiting for the United States to straighten out its difficulties is, in my opinion, a wrong attitude. I should like to know why we in Canada cannot utilize many of the idle war plants in this country—plants that were developed during the war? Why have we not taken time by the forelock and decided that since farm machinery is in the condition described by the witness we should reconvert some of these idle war plants to the work of producing farm implements. The food situation in the world today is so serious that the Canadian government would be well advised to take an inventory of our idle plants across this country and to swing them over into the production of farm machinery. I believe that every soldier who has made application to go on the land at this time should be given the opportunity to go on the land, and I do not think the reasons advanced by the witness are valid reasons. I believe that the solution is in our own hands. I believe that we should start immediately examining the possibilities of producing the things that are limiting the legislation enacted by this government. The people of other countries are seeking food, and supplying them with that food is going to be a problem for some years to come, and it is wrong to depend on a country over which we have no jurisdiction and can do nothing about their production. To say that the requirement of settling veterans on the land in Canada is contingent upon what is going to be done in the United States, in my opinion, is a very short-sighted policy. I believe this Veterans Affairs Committee should recognize the limiting factors with regard to this land settlement matter and should make a serious

and a strong recommendation to the government that we should get busy and use the plants established during the war, reconvert them to the production of farm equipment in order that equipment may be supplied under the terms of the Land Settlement Act.

Mr. QUELCH: While I agree with the suggestion made by Mr. Gillis, of course it is not a question with which the present witness can deal. We will have to have a witness from Mr. Howe's department. I understood the witness to say that a certain plan was put into effect whereby a certificate may be issued to a veteran through a branch of the Veterans' Land Act Department. That is nothing new. That has been in operation for several months, has it not? I know that was in operation last October in the part of the country I come from. A number of veterans went to the representative of the Veterans' Land Act in Drumheller and obtained priority slips and they took those slips to the machine companies. At that time they were able to get the machinery. I had a talk with Mr. Dunn of the John Deere Company in Calgary and he told me he had instructed all his branches to honour priority slips of veterans before honouring those of other civilians. But the two main difficulties we were running into were these: in the first place the veteran had a priority slip but had not settled under the Veterans' Land Act—he was farming on his own—and while he could get a priority he could not get the discount. I do not see why the discount cannot be established for all veterans. After the last war discount was allowed to a veteran whether he went under the Veterans' Land Act or not.

The second difficulty is that where a veteran is obtaining machinery from the pool under the Veterans' Land Act he invariably finds that the supply of machines within that pool is too small. For instance, they do not carry any eight-foot tillers, they are from four feet to six feet. In my country the eight-foot tiller, or the seven and a half to nine-foot tiller, is the regular tiller used; we do not use the four to six-foot tillers because they are useless in that country. Now, as regards engines, they do not carry the larger type of engines. For instance, the John Deere "D" model is the general engine used. They do not carry that size of engine, they only carry the smaller ones. I understand one of the reasons given is that in view of the fact that only \$1,200 is allowed, it is not sufficient to buy large machinery; but if they carry the larger type of machines the veteran will be in a position to put up some of his own money along with the \$1,200 and buy that machine. I do not think it is advisable to sell a man in western Canada working a three-quarter section farm a small engine or a four to six-foot tiller. Nobody wants to chase around with a four to six-foot tiller; therefore I think within that pool you should have the larger type of machines.

Mr. WRIGHT: I agree with Mr. Gillis; we are not going to solve our problems as regards farm machinery in this country by these priorities. We need more production of farm machinery, and the only way we are going to get it is to have this country do as it did when this war started. I remember in 1940 in the House we were told that we could not build ships in Canada, that we could not build tanks in Canada, that we could not build aeroplanes in Canada; and they are telling us now that we cannot build farm machinery in Canada. Well, we can. We demonstrated during the war what we can do when we make up our mind to do it; but we are prepared, now that the war is over, to throw the whole thing into the ash-can and go back and say that because somebody is established in the United States and has an industry there we have to accept their products or do without. That is a wrong philosophy. I am positive we are never going to solve our problems of farm machinery until we adopt a different attitude. I put the emphasis on those details; I know the details. I came back from western Canada and I found that my son had gone

to the dealer—he came back from overseas—to order a combine, and the dealer informed him that he was very sorry but the American company who had those combines—and there were 100 in Saskatoon—intended to ship them back to the United States because the price in Canada was not high enough; that the 12½ per cent rise in price had not been enough and they could obtain more for these machines in the United States and pay the freight back. That is the condition that exists.

The CHAIRMAN: Have you brought that matter to the attention of the Minister of Trade and Commerce?

Mr. WRIGHT: I intend to bring it to his attention.

The CHAIRMAN: I do not think you should delay.

Mr. WRIGHT: It is a fact. We have been talking about the dealer. Any member of this committee knows that it is not the companies who are giving discounts to the returned men; the discounts to the returned men are taken out of the dealers' commissions. They carry the whole discount, and the machine companies make no contribution toward giving cheaper machinery to our returned men. The dealer in my town told me that on an eight-foot binder—he pays for the setting up of that binder—he makes \$2.50 when he sells it under Veterans' Land Act, whereas he will get his regular commission when he sells to regular customers. That sort of thing is not tending to help these dealers that we as individuals blame, but they are not to blame at all; it is some of the people who are behind them who are to blame because of the shortage we have at the present time. Those are the facts. The dealer is selling the machine. We are saying under this new regulation, or it is proposed by gentlemen here, that he shall give a priority to the returned men, but we are making no provision that he shall be compensated for that priority. Many of these dealers are prepared to make that sacrifice to help re-establish these returned men, but it is not by any means a fair deal as far as the local dealer is concerned. I am convinced that unless something further is done whereby the companies themselves will make some of the contribution toward a reduction in the price that is given to the returned men—we cannot expect the dealers to recognize the priorities which you have mentioned, unless we do as we did with clothing and say that if you are going to replace your stock in store you have to turn into the wholesaler a certain number of priority slips before you can get your stock replaced. Otherwise it does not count for a row of pins, and you can issue all the priorities you like. There is not a dealer in western Canada who has not got orders for a year ahead for every machine he can get in, and issuing another priority slip is not going to change those orders that he has already on his books. We have to produce more machinery. We have to go deeper than we have gone to-day if we are going to solve this question of supplying farm machinery to the men settling under the Veterans' Land Act—not only those settling under the Veteran's Land Act but those returned men who want to settle on land of their own, and who believe that they should have the same priority in the buying of machinery. I believe they should be entitled to the same priority as the ordinary buyer because, after all, we would not be in the position we are to-day if those boys had not made the sacrifice. And to think that, now they are coming back, we are not going to recognize that sacrifice—that we are just going to put them to the side and they can take what is left; that they can take the small implements, as Mr. Quelch has stated here, and when it comes to anything that is big enough to be economical to use, the other buyer gets it,—is something I do not like. That is the position to-day.

Mr. MURCHISON: Mr. Chairman, I think probably I could make a comment or two on what has been said by the last three speakers that might help to clarify the situation from the standpoint of the administration at any rate. Last year the identification certificate issued by the Veterans' Land Act officials to veterans who were not being established under the Act was pretty well in the class of a hunting licence.

Mr. WRIGHT: That is all it was.

Mr. MURCHISON: And we know, as members of the committee know, that certain dealers who have had a long connection with the local trade were prone probably to make available their surplus to established farmers rather than to play good ball with the veteran who was seeking machinery on his own account. That was the purpose of the survey that Mr. Crawford has just completed, to arrange with the head office of the various Canadian manufacturers, with their wholesale and branch manufacturers' outlets, that when we issue a certificate this year, it is more than a hunting licence; it is in fact a priority if the dealer has that material in his warehouse. I do not think the administration can go any farther.

Mr. WRIGHT: And if he has not already got an order for it.

Mr. MURCHISON: Yes.

Mr. WRIGHT: But he has orders.

The CHAIRMAN: How are you going to enforce it?

Mr. CROLL: No, no. There is a misunderstanding there. Let us get clear on this. That priority means an overall priority regardless of whether he has a dozen ahead of him. They stand aside and this one comes first.

Mr. MURCHISON: That is the understanding with the trade.

Mr. MCKAY: That is not being done.

The CHAIRMAN: That is quite important, Mr. Murchison. As has been said, how will that be enforced? How did you propose to enforce it?

Mr. MURCHISON: Well, we cannot enforce it other than by agreement with the farm machinery industry. As Mr. Crawford has pointed out, the farm machinery industry is prepared to respect that priority certificate that is being issued and give the man the goods if they have it in stock.

Mr. WRIGHT: Yes, your manufacturer is prepared to recognize it because he has not got a cent involved in it; and he passes the whole thing on to the dealer.

The CHAIRMAN: How are you going to enforce it with the dealer?

Mr. WRIGHT: You have no agreement with the dealers.

The CHAIRMAN: Are you going to require them to turn in this priority slip in order to renew their stocks of implements or how are you going to enforce it?

Mr. MURCHISON: I do not think we have any power of enforcing a priority of that kind unless it is covered by direction of the Wartime Prices and Trade Board.

Mr. WRIGHT: Then your priority is not worth the paper it is written on.

Mr. MURCHISON: I would not say it is not worth anything; because I think, from our experience to date, that the farm machinery industry across Canada have carried out their undertakings with us and until there is general evidence that this arrangement Mr. Crawford has outlined is not functioning, I would prefer to believe that these people gave their undertaking in good faith and will carry it out.

Mr. WRIGHT: Who gave you the undertaking? Was it the manufacturers or dealers associations?

Mr. MURCHISON: Both, I understand.

Mr. CRAWFORD: Yes.

Mr. MURCHISON: Both. Mr. Crawford's talks were first with the head office of the companies and then with their branch managers.

Mr. WRIGHT: Yes, their branch managers, but not with an association of the dealers themselves. It is the dealers themselves that have the operation of these priorities, not your branch managers or your manufacturing concerns.

When it comes down actually to putting the priority into operation, it is the dealer who has the responsibility and the dealer is not getting a fair deal. He is not getting a fair deal from his own company with regard to these priorities, because every cent he takes off in the reduction comes out of the dealer's commission.

Mr. QUELCH: You mean the discount?

Mr. WRIGHT: The discount comes entirely out of the dealer's commission.

Mr. MURCHISON: I cannot go along with that statement.

Mr. WRIGHT: Well, it is a fact.

Mr. MURCHISON: Because our understanding with the farm machinery industry on this point of discount is that this discount is shared by the manufacturer and the dealer.

Mr. WRIGHT: It is not.

Mr. MURCHISON: That is certainly the understanding.

Mr. CRAWFORD: May I say a word here?

Mr. MURCHISON: Yes.

Mr. CRAWFORD: I believe there is confusion. As far as the priority we are proposing for the overseas veteran is concerned, there is no discount considered at all; it is as we said here, providing they are prepared to pay the approved price, the Wartime Prices and Trade Board approved price.

The CHAIRMAN: Would you just explain how it came about that there was a discount last year, because there seems to be some misunderstanding about that.

Mr. CRAWFORD: The discount applies only on those machines that were ordered in advance, about probably 12 to 15 months in advance. In other words, we have this firm order for those machines and they are definitely manufactured and waiting to be delivered to veterans under the Veterans' Land Act. If we do not absorb all the machines we have ordered for that year, we simply have to pay for them and carry them in their warehouses until next year. So it is a case of giving the usual discount on large purchases of machinery. That is what it amounts to, really. It is not giving a discount on individual purchases.

Mr. WRIGHT: Why should not the manufacturer absorb it, and he is not doing it at the present time. It is the dealer, as I say, that is absorbing this discount that is given. I got quite a surprise when I found that out myself, I will admit. I wish you would make some investigation, because that is the way the matter stands, as I understand it.

The CHAIRMAN: I think what happened, and what has caused a lot of misunderstanding in the country, is this. Over a year ago, or two years ago, orders were placed with the farm implement manufacturers for machinery which it was estimated would be required to provide machinery for the settlers who were going to settle under the Veterans' Land Act; and when the time came last year to settle people under the Veterans' Land Act the department estimated it would not require a good part of the machinery which it had ordered for these young settlers. Then in order not to have a single machine idle, they released or authorized the release for other purposes of the machinery which they did not think they would need for this purpose. Then it issued these certificates of identification which enabled soldiers to come in and get that very machinery. Because it was bought and ordered in bulk, naturally they got that particular discount.

Mr. WRIGHT: That has all been used up now.

The CHAIRMAN: That is used up, yes. Of course, there are many veterans who are wondering why it is that the priority which worked so good a year ago does not work to-day; and they are asking the dealers to give the discounts which they got a year ago under these special circumstances which, of course,

there was no provision for after that particular pool of machinery was used up. So the unfortunate dealers, I suppose—as Mr. Wright has said, in some cases wanting to really be more than fair with the returned soldiers—have undertaken to provide discounts and so on. But I think it has all arisen out of that situation a year ago.

Mr. WRIGHT: Not altogether, Mr. Chairman. What you have stated has happened, that some dealers have actually given up their commissions to veterans because of patriotic reasons and these dealers have been, I think, very fair . . .

The CHAIRMAN: Hear, hear.

Mr. WRIGHT: . . . to try to meet these requirements. But it is not only that. The machinery that is there and which is being sold under the Veterans' Land Act, is handled through the dealer; and the reduction that is given on that machinery is taken entirely out of the dealer's commission. I saw their returns. The dealers showed me their returns and they are forming an association of their own to bring this to the attention of certain people; because the dealers are just the same as a lot of other people in this country—they are not organized. The dealers in my town and in other towns in my area showed me their slips where they are paying—take for example, a small tractor—\$1,020 for a small size tractor. Whether they get it under the Veteran's Land Act, out of the Veterans' Land Act pool or whether they get it from their regular trade, that is the price. If they sell it to a man under the Veterans' Land Act they get their regular commission less the deduction; and if they sell it to the regular customer they get the regular commission. And there is a lot of difference. They have to perform the same service. They have got to set up the tractor. They have got to give the same service on it as they have when they are selling it to the regular customer.

The CHAIRMAN: I wonder if we could have Mr. Crawford or Mr. Murchison further explain this thing in case all the facts are not before the committee.

Mr. MURCHISON: I can assure you, Mr. Chairman, that it was our understanding with the machinery manufacturers that this discount given to us would not be absorbed by the dealer outlets. It would be shared by them but they would not ask the dealer to absorb it all. That was the distinct understanding.

Mr. FULTON: Is not this a new system which has not started to work yet that you are talking about now? Is this not a new system which you have not yet put into effect?

Mr. CRAWFORD: This is something new for veterans, outside of the Veterans' Land Act, yes. As Mr. Murchison has just stated, when the original contract was developed with the implement manufacturers right here in Ottawa at a meeting, when they agreed to give us a discount on machines for Veterans' Land Act purposes of 10 per cent on regular machines and 7 per cent on tractors, it was the understanding that the dealer would not be expected to absorb all that discount from his commission. At that time the companies were working under a contract which provided a certain commission. Since that time their contract has changed. And at that time, by the way, all of the companies did absorb a portion of the commission. Most of them split the difference. The dealer absorbed half and they absorbed half. That was the first year. Then they changed their contract with their dealer organization so it is now an outright sales contract. In doing so, they increased the commission considerably, with the understanding that they would absorb this discount. That was all understood, and as far as I know that is the way it stands. I have still to hear any complaints from the Retail Merchants' Association, and I was speaking to the president only 3 or 4 weeks ago.

Mr. WRIGHT: You will hear of it before very long.

Mr. CRAWFORD: There was no complaint at that time that the new contract was not working, so I am unable to give any answer to that. If there is a complaint, I have not heard of it yet.

Mr. WRIGHT: The 12½ per cent increase in the price of farm machinery is placed on the price of the farm machinery before the deduction is made.

The CHAIRMAN: What did you say, Mr. Wright?

Mr. WRIGHT: The 12½ per cent increase is placed on the price of farm machinery before the deduction of 10 per cent is made, which leaves the dealer a little more money out of the machine, but leaves it costing the soldier just as much more.

Mr. CRAWFORD: That is right. I might say another factor that enters into the dealer's arrangement is that the machines he is delivering to a veteran are ex quota machines, as they call them. Each dealer is allotted a certain number of machines out of the overall production for the year. The machines that he gets to deliver to the Veterans' Land Act veterans are ex quota, those over and above the quota. In other words, if he did not sell them to the veteran, he would not get them at all. He would not make any profit. So therefore the money he makes on those machines is an additional profit he would not ordinarily get had not he sold them to the veteran.

Mr. WRIGHT: That is the explanation that is used for making him absorb all the deduction.

The CHAIRMAN: I wonder if we could have Mr. Murchison pass along to the next point.

Mr. MURCHISON: There is another point. I do not think I need to labour this point of the discount or how it is shared. I think Mr. Crawford has covered that by stating that there is a new practice in force between the producers and distributors. The other question is as to our machinery not being heavy enough, not large enough items for western Canada. We will frankly concede that during 1945 the machinery we had on order for that year's operations was confined to the smaller items, bearing in mind the overall ceiling in the Act for farm equipment which was \$1,200. I think it is worth keeping in mind however that with the amendment passed by this committee this spring, making provision for rental farming and authority to advance up to \$3,000 for farm equipment and livestock, the basis is created for the purchase of heavier machinery for the operation of larger farms. We also have the situation in regard to establishing veterans on provincial Crown land where the total grant of \$2,320 may, if necessary, be used entirely for the purchase of farm machinery. So we are in a substantially better position in that regard now than we were a year ago. I do not think there is anything further I need say on that, Mr. Chairman.

Mr. WRIGHT: There is just one other point I should like to ask Mr. Murchison with regard to the \$3,000. I was in the west just last week and I was in some of the offices out there. They have no forms with which to complete that contract at the present time. Has there been an order in council passed which has placed that in effect, that advance of \$3,000 on rented land?

Mr. MURCHISON: It is actually in effect; but as I stated at a meeting a short time ago, the order itself was passed too late to enable any immediate progress for this year to get settlers moving to put a crop in under that arrangement. But we expect to have all the working details in the hands of all our various officials in the very near future so they can take advantage of it.

Mr. WRIGHT: I am glad to hear that, because there are a number of veterans who have their own and rented land and now they want to come under this to get harvest machinery.

Mr. MURCHISON: Yes.

Mr. WRIGHT: They would like to have the forms in the local offices in time to make application for this machinery and to get it. It is very scarce.

Mr. MURCHISON: I understand.

Mr. WRIGHT: Unless they have the forms immediately it will be too late for them to get it.

Mr. MURCHISON: There is just that one difficult factor of the overall supply situation this year in heavy farm equipment. We may not be able to meet very many of them this year; but the plans we have laid for this in 1947 and 1948 take these various things into account.

The CHAIRMAN: I take it from what you say, Mr. Wright, that there is some considerable interest in this amendment that we recommended.

Mr. WRIGHT: There is, in our district, quite considerable interest. I believe it was a really good amendment as far as our area is concerned.

The CHAIRMAN: I am glad to hear that, because yours was one district which I figured it would be really helpful to. Is there any other question you wish to ask of Mr. Murchison on this particular matter?

Mr. LENNARD: This is not on tractors, but has Mr. Murchison any further information in the matter of these trucks that are held by War Assets Corporation or are for disposal?

The CHAIRMAN: We are leaving that over until we get through with this particular item, Mr. Lennard.

Mr. LENNARD: All right.

Mr. GREEN: There was one point there in Mr. Crawford's statement that I was not quite clear on. He said something about orders for delivery that were already in coming ahead of this priority for veterans. Just what was that?

Mr. CROLL: No. He said it the other way.

Mr. CRAWFORD: Orders the dealer would have in hand would not affect this priority. This would supersede that. There are many dealers that have orders that are 2 or 3 years old. They are holding them there until tractors are plentiful enough, I guess. The essentiality is not very high. They would not affect this priority at all. If the machine is there for sale and is not being delivered to a veteran on a similar priority or to a veteran under the Veterans' Land Act, then this veteran would have priority for it. Here is what it does. With that priority the dealer is placed in this position. If he has an order from a reasonably good customer of his, and he has one tractor and a veteran comes along, he naturally would deliver to the chap who had placed the order in the ordinary course of business; but if the veteran came in with a priority of this kind which definitely stated to the dealer that he must recognize that as a priority, he has a very good reason for delivering it to the veteran. In other words, he is not placed in the position of judging which one should have it. There is no judging about it. The veteran gets it.

Mr. BROOKS: Even although the civilian had his order in 2 or 3 years before?

Mr. CRAWFORD: Yes, no matter how long the order has been there. There is absolute priority in that for the overseas veteran, I spoke to many of the dealers when I was out west and certainly talked to a lot of branch managers and their men, and they all felt that enforcing this would be a very minor problem; that there would be probably some dealers who would not co-operate 100 per cent, but taking it by and large, co-operation would be 95 per cent.

Mr. GREEN: Would the Veterans' Land Act administration like to see that priority made binding by the Wartime Prices and Trade Board?

Mr. CRAWFORD: Well, yes; we would sooner have somebody issue it as far as that is concerned.

Mr. GREEN: No. What I mean is this. At the present time the priority is a matter of goodwill. It is not binding at all.

Mr. CRAWFORD: Yes.

Mr. GREEN: Would you prefer to have it binding?

Mr. CRAWFORD: And put some teeth in it?

Mr. GREEN: Yes.

Mr. CRAWFORD: And make it enforceable?

Mr. GREEN: Yes.

Mr. CRAWFORD: I would not think so.

Mr. GREEN: Why?

Mr. CRAWFORD: I think voluntary co-operation of the organization is what we need more than anything else; because even if you were to try to enforce it by penalties, they would probably take the attitude that they would fight it, and then go around the back door.

The CHAIRMAN: I think you are right on that.

Mr. CRAWFORD: Working on the basis of co-operation with them I think is the safer bet.

Mr. WRIGHT: Mr. Chairman, I am afraid I cannot agree with that attitude entirely. I do not believe that there should be penalties attached to it; but what I do think is that the dealer, if he wants to get a replacement for that machine, should have to show that he has sold it to a veteran. If something like that were done, if he could not get another machine to replace that one for sale, until he had shown that the original machine had been sold to a veteran, then you would have some teeth in your regulation and make it effective. I am not saying that you should fine him or institute prosecutions or anything of that kind; but I do think there is something more necessary than just goodwill alone. I know that 90 per cent of these dealers are willing to co-operate in these matters, but there are also those who are not. There are certainly some instances at least, that I know of in which the veteran has not had the priority; and I do not think anything without teeth in it will give him that priority.

Mr. CROLL: Mr. Chairman, I do not think that any order made by the Wartime Prices and Trade Board ever gets more than 90 per cent co-operation. I doubt whether it gets that much. If this is getting 90 per cent co-operation here, we are doing very well: He says 95 per cent; we say 90 per cent. In any event, the point I understood him to make is that if he has a priority order and it is honoured, then the dealer goes to the company and the company gives him that as an extra, over and above his quota—just exactly what you are saying, or did I not understand you?

Mr. WRIGHT: No.

The CHAIRMAN: Would you clear that up and explain what the situation is?

Mr. CRAWFORD: No. That has not been definitely arranged. We sort of felt the companies would work that out as the situation developed. As they do now, they allocate the machines to the dealers. But generally speaking they do not allocate 100 per cent of their machines. They keep a few of them back to take care of emergent orders.

Mr. WRIGHT: That is the very point I am trying to get at; because there are certain areas in which there are many more veterans than there are in other areas, yet those dealers in those areas do not get any more machines. I think they should. If there were some system whereby these priorities were recognized as giving those dealers in those districts a claim for more machines, then you would get your veterans getting more machines. There is no doubt that there are areas in which there are many more veterans than there are others, and yet those areas get exactly the same quota of machines as the other areas where

there are no veterans at all. By recognizing these priority slips as a prior claim with the wholesale houses for new machines, you would be giving those areas more equipment; and they should have more equipment.

Mr. CRAWFORD: To do that 100 per cent, it would mean that they would have to hold back a sufficient number of machines to take care of all priority orders; and with most of the implement companies, that did not seem to meet with favour. They felt that was the wrong principle. They expect the dealers to take care of at least as many as they could from their regular stocks; but they would keep back as they call it a little kitty to take care of those cases that the veteran could not possibly get filled anywhere. In discussing the thing, we thought it was quite safe to leave that matter with the implement companies because they naturally desired to be in right with their dealers; and if the plan as we have dealt with it does not work out satisfactorily and the dealers feel that they are being called upon to give all of their machinery out to veterans with priorities, then no doubt each company will take care of the situation by setting up a quota to meet this. But we thought it would not be necessary for us or the Wartime Prices and Trade Board to do anything, and that the company would naturally have a desire to see the thing worked out satisfactorily to their dealer. We thought it was quite safe to leave it there because otherwise you would have to set in motion practically the rationing system again, start taking stocks and knowing just what quotas are being allocated for different purposes. It would mean probably 8 months before that could be put into effect, or a little more; because you could not tell them to distribute their machines in a certain way without knowing what they had to distribute and so forth. So in all our discussions, it has pretty well been felt that the sound thing was to leave it to the implement company to deal with their dealer in such a way that he would be satisfied.

The CHAIRMAN: I wonder if we could pass on to war assets?

Mr. GILLIS: Before we pass on, Mr. Chairman, may I make a few remarks. While I appreciate the discussion very much, I still feel this way about it, that there is no use of our taking the representatives of the Veterans' Land Act administration and browbeating them, unless we are going to tackle the basic problem. They cannot do anything. They are doing what they can with the machinery they have to work with. It has been proven here very conclusively this morning that as far as the Veterans' Land Act is concerned—something we should be using every means we can to fully utilize,—it is hamstrung and is not going to serve any purpose beyond the end of 1946. I am convinced of that. First you have the limiting factor of land. Mr. Murchison told us that some time ago. There are 35,000 applications. They will have handled 17,000, I think, by the end of 1946. If that is all they are going to handle by the end of 1946, that is the end of the Veterans' Land Act, because the rest of them will have drifted away to something else. Certainly on this matter of farm machinery, this morning you are quibbling about the symptoms of a disease. The writing of priorities is not going to solve the problem. What I suggest this morning is that this committee should decide to call in representatives of the Department of Reconstruction and try to find out from them, if it is possible for us, under a lot of legislation we now have, to do anything. The Industrial Development Bank, for example, could put sufficient money into circulation to put a plant up somewhere to start turning out machines. Mr. Howe or his department has the right to set up Crown companies. The food situation is now such that I think we should get in those responsible and try to determine if we cannot get something done in Canada instead of waiting for the United States. Is the committee this morning prepared to recognize the fact that there are two definite limiting factors with regard to the operation of land settlement? And are they prepared to call in representatives of Mr. Howe's department? I do not care who operates it, Mr. Chairman. You may think I am suggesting a socialist program. I am not.

An Hon. MEMBER: the co-operative.

Mr. GILLIS: If the cooperative or free enterprise or anyone else in this country is prepared to do it, I think it should be done. It is not because there is no plant and no equipment and no land in this country that this problem exists. There is land here, and it is time we began to get in the people who really could give us some advice on it. I am going to move, Mr. Chairman, that this committee ask to have representatives of the Department of Reconstruction and representatives of the Department of Finance for the purpose of determining if it is not possible for some of the machinery of the Department of Finance and of the Department of Reconstruction to remove at least one of the limiting factors—the lack of machinery—in the Veterans' Land Act and that we pursue this subject until such time as we come to some conclusions on it.

The CHAIRMAN: Maybe Mr. Gillis is not aware of this, not representing a farming constituency. I am sure his colleagues from farming constituencies would bear me out in this, that the very reason we are in this position of depending on the United States for our supply of tractors is due to the fact that, in deference to the wishes of the farm industry to get tractors at the very cheapest possible price, it was decided that the tariff should be taken off tractors altogether. It was well understood when that was decided that tractors under those circumstances could not be made in Canada to compete with those of the United States; and that meant that henceforth we would have to rely on the United States for our supply of tractors. I think I am stating the thing right.

Mr. WRIGHT: I am afraid you are talking of 10 years ago, Mr. Chairman. This year we have a tractor manufacturing plant in Canada from which not only the cooperatives of Canada but the cooperatives of the United States are drawing their supplies of tractors; and that plant can be extended.

Mr. CROLL: Where is it?

Mr. WRIGHT: It is at Brantford, Ontario.

The CHAIRMAN: I am dealing with the history of the matter. That is why we have depended to the extent we have upon imports from the United States.

Mr. WRIGHT: Not necessarily at the present time.

The CHAIRMAN: If it is possible under present circumstances to manufacture tractors in Canada as cheaply as they do in the United States then, of course, I have no doubt that everybody would be very much in favour of that manufacture; but it seems to me that every representative of a farming constituency would say that farmers do not want to go back to the protective tariff for the manufacturing industry so that farmers will have to pay more for their tractors. Please let me continue. Now, what is being suggested to you is that we have an investigation of the tariff set-up, our whole industrial and economic set-up in Canada, of which the veterans' problem is only a part. I am as interested in it as any member here, but if we start trying to investigate such a matter when we have so large a program in front of us, I am afraid we would not be able to deal with that program. That is what bothers me. We are going to have a meeting of the steering committee to-day. Let us take a bird's-eye view of what we still have to do and figure up how much time we can allot to each item; let us see if we cannot come to an agreement and try to adhere to a certain time-table. I can assure members of the committee that it is going to keep us very busy getting this program which we now have in front of us through without embarking on this inquiry. Goodness knows I would like to see the inquiry embarked on, but I am afraid that we as a committee should not try to do it now.

Mr. GILLIS: I cannot agree, Mr. Chairman. I realize we have a lot of work to do and it is going to take a lot of time, but I think we should utilize

our time in settling one matter rather than skimming over a lot of matters. Personally I consider this problem of the production of food as one of the most important in the world to-day.

The CHAIRMAN: I agree with you.

Mr. GILLIS: It has been proven in this committee and in the House in agricultural discussions that we are certainly tied in a knot, and with all due deference to the chairman's opinion, I think the time has come to do something in this regard. We have to examine our resources and stand on our own feet. We are forgetting what the necessities are.

The CHAIRMAN: You are getting dangerously close to your friends on your right in the House.

Mr. GILLIS: That is immaterial. If they happen to be right for once in their life then I am quite prepared to support them.

Mr. BROOKS: We will do the same for you if you ever happen to be right.

Mr. GILLIS: In the legislation before the House we were led to believe that we were going to improve conditions; that the Industrial Bank was going to do certain things; the setting up of Crown companies, I think, is a recognition of the fact that the government intends to take some responsibility in developing our resources. I am not asking for an inquiry in the nature of a royal commission; there are too many of these reports in the Archives to-day, and nothing has been done about them. However, I think if you take one morning, and it would take only a couple of hours, and have Mr. Graham Towers here from the Bank of Canada—because he is the gentleman who presides over the Industrial Development Bank—and let us ask him if it is possible for a group of people in the various provinces in Canada to go into the building of farm machinery to-day and what assistance they can get from the Industrial Development Bank by way of capital. We could also have here somebody from Mr. Howe's department and ask that person what are the possibilities of utilizing one of the many plants that are now standing idle all over this country, of re-tooling it and getting it into production on farm machinery. I am not a farmer, but I am convinced that as far as the Land Settlement Act is concerned as regards the job it has to do, it is hamstrung. It is at a standstill; and there is no use of us appointing officials to that department when they have not anything to work with. There is no use talking of giving a farmer land when he has no machinery. It is a basic problem and in my opinion one of the most important with which we have to deal to-day. All over the world there are people looking for food, and the only way we are going to get it for them is by getting land into production. I seriously suggest, Mr. Chairman, with all due deference to your opinion, that we should call in some of these people and have a discussion so as to see what we can do with regard to producing farm machinery in this emergency.

The CHAIRMAN: I am very interested in your suggestion, Mr. Gillis, and may I make the suggestion that you authorize me to call this discussion to the attention of the Minister of Reconstruction and the Minister of Finance and intimate to them that this committee would be very interested in having any comments which their departments would care to make in regard to the problem which we are wrestling with as soon as possible; and then that can be tabled, and in the light of that we could decide whether we will set aside a day or so to go into that matter. Would that be satisfactory?

Mr. GILLIS: Yes, surely.

The CHAIRMAN: Because I am anxious that we should get back to the War Veterans' Allowance Act as soon as possible. By following this course we would bring this problem forcibly to the attention of these departments and find their reaction. I would be very much in favour of that myself. Would that meet with the approval of the committee?

Mr. GILLIS: That will meet with my wishes.

Mr. ADAMSON: I would like to ask Mr. Wright whether at Brantford they compete on a price basis with the American factories?

Mr. WRIGHT: Absolutely.

Mr. ADAMSON: Do they make just as good a machine?

Mr. WRIGHT: Just as good a tractor. I may say that what Mr. Gillis has suggested is already being done at Brantford, Ontario, where the Cockshutt Plow Company have taken over a large government factory and have gone into the production of tractors, and that company have a contract with the cooperatives in western Canada to supply them with their tractors, and they have a contract with the cooperatives in the western United States to supply tractors to them in the United States, competing with the American prices.

Mr. CROLL: Are there no duties on our tractors going into the United States?

Mr. WRIGHT: Apparently not, or they would not have those contracts. There is no reason why that principle that has been established there cannot be expanded; there is no reason in my estimation why we could not expand our production of farm implements in this country to the point where we could meet at least the main part of our requirements and would not be dependent upon the United States. I say that that excuse for the shortage of machinery in this country is not sound.

The CHAIRMAN: In all fairness, Mr. Wright, you will admit that one reason why that principle has a good prospect of success is that due to the arrangement with our cooperatives—farm implement cooperatives in the west and cooperatives in the United States—they are guaranteeing a larger demand, a large outlet.

Mr. WRIGHT: Absolutely.

The CHAIRMAN: And that is a new feature in the present situation which has enabled us to hope to enter the tractor manufacturing field whereas formerly, until this cooperative principle was going in the west and they were able to make a deal with the cooperatives in the United States, it was not possible to do that because the hope of manufacturing tractors cheaply is based upon large production.

Mr. WRIGHT: Mass production.

The CHAIRMAN: May we take it then that we will do as suggested; that we will bring this discussion to the attention of the ministers of Finance and Reconstruction; and pass on to this question of war assets and deal with it this morning?

Mr. QUELCH: Is it the idea to bring officers from the departments?

The CHAIRMAN: We will ask them to make a statement or a submission, and we will decide what to do in the light of that.

Mr. MURCHISON: On the question of war assets, Mr. Crawford has some material prepared which he can present and which covers the main question that has been referred to from time to time concerning veterans obtaining a top priority on tractors, trucks and cars surrendered or disposed of by War Assets Corporation to the various dealer outlets.

Mr. FULTON: I wonder if we could clarify our position? At the close of the last meeting I said I intended to raise this point and you suggested, as I recall it, that I actually make a motion; I see in the minutes that it says:

Mr. Fulton gave notice of the following motions.

Have I actually moved that?

The CHAIRMAN: I think you gave notice of what you might move to-day, and I thought after you had heard the actual submission and the facts submitted by the members of the department then you could make your motion or not as you wanted. Do you want to make it this morning or afterwards?

Mr. FULTON: I am inclined to wait, but I wonder if I am correct in assuming that so far there is no motion before the committee?

The CHAIRMAN: No. You gave notice so that we would know what you had in mind, and I thought that was a good idea to help the committee out.

Mr. CRAWFORD: This is a problem that has caused a good deal of discussion as many of you know. Several meetings have been held with a view to developing some basis whereby veterans would be given priority on various war assets items, and it has always been found difficult to work out a means that would work satisfactorily. Perhaps the best thing I can do now is to make a suggestion as to what might be tried out, and I shall read a little statement I have prepared:

In order to assure veterans of a fair share of the motor trucks . . .

The same thing could apply to automobiles and tractors, although at the start it was my understanding that it was trucks and tractors rather than automobiles that were under discussion.

. . . being disposed of through War Assets Corporation, we would suggest that a means of establishing the identification and essentiality of a veteran be developed through Veterans' Land Act and with the co-operation of Wartime Prices and Trade Board, which would in effect form a priority in respect to motor trucks disposed of by War Assets through regular dealer channels.

Present Distribution:

There is in effect an arrangement whereby approximately one-third of the motor trucks available through War Assets is assigned to the Federation of Agriculture and distributed through an arrangement which has been developed by the Federation whereby bona fide farmers upon application draw lots for the available trucks with no special priority for veterans.

That is in effect now, but it has not been tried out to any great extent. I do not know how it will work.

Approximately two-thirds of the trucks becoming available through War Assets are distributed to the manufacturers from whom the trucks originated. The manufacturers then allot these on an equitable basis to their dealers across the Dominion. These trucks are then sold in accordance with the ceiling prices set for the different types of trucks.

Suggested Veterans' Priority:

It would be our suggestion that a veteran be required to make personal application to any regional office or district office of Veterans' Land Act, establishing his identification as a bona fide veteran as defined by the Veterans' Land Act, also establishing the fact that he requires a truck in his operation.

That means veterans who have served a year roughly.

If he can establish satisfactorily the requirement as to service and his essential need for a truck, then he should be issued a certificate of identification and essentiality which would, if presented to the dealer, give him first priority in respect to any available trucks which have

come through War Assets to the dealer, and every dealer would be required to recognize the identification and essentiality certificate as a priority over all others, provided the veteran is prepared to pay the regular fixed price for such vehicle.

The same arrangement might also apply to used farm tractors which are normally routed through the implement manufacturers. We might say, however, that the number of farm tractors coming through War Assets to date has been very small.

Of course, the same thing would apply to automobiles; but in the past the discussions have always centred around the idea of delivering the trucks or vehicles direct through War Assets to the veteran, and there seems to be no way of doing that without setting up a whole distributing organization across the Dominion. It was also felt by those who have attended those meetings that there is some danger in delivering those trucks and vehicles direct to the veterans because no one is in a position to say what condition the equipment is in. The price is based on the age of the vehicle rather than on the condition. Therefore it was felt it was safer from the veteran's point of view to get him to take delivery of the trucks through the regular dealer channels, who have to place a certain guarantee on the trucks and see that they are in workable condition, whereas War Assets have always sold their goods as is and where is; they do not attempt to remodel or rebuild them. I have that suggestion to make this morning for what it may be worth in connection with this subject.

The CHAIRMAN: Now, Mr. Woods has prepared a statement on this matter, and before we enter into a discussion on it perhaps we could hear from him.

Mr. Woods: Mr. Chairman, the interdepartmental committee, with a representative from the Canadian Legion, studied at length the problem of priorities for individual veterans on equipment disposed of through War Assets Corporation. That committee studied this matter at length and finally, last December, made definite proposals which were placed before the president of the War Assets Corporation.

The general basis of these proposals was that individual veterans, if they were able to prove to the Department of Veterans Affairs that they required certain surplus equipment for rehabilitation would be given a priority, through local offices of War Assets Corporation, which would be binding on the retail dealers disposing of surplus equipment which had been sold to them by War Assets Corporation. After study, the president of War Assets Corporation informed this department that the proposals which had been advanced were administratively impossible.

War Assets Corporation has always taken the stand that they could not set up a retail organization to handle sales of surplus war equipment and material to individuals—veterans or others.

Some consideration was given to the Department of Veterans Affairs acting as intermediary agent for individual veterans who required equipment. This would have meant that the Department of Veterans Affairs would have had to go into the retail business. As is well known, the surplus equipment is in very variable condition and the problems of pricing and servicing such equipment, particularly motor vehicles, are such as would make it quite impracticable for this department to undertake such distribution.

I should point out that our department has less than twenty-five administrative centres and these are obviously inadequate to conduct a retail business. You may contrast this number with the 1,200 branches of the Canadian Legion scattered throughout the dominion where there are sufficient veterans in a community to justify setting up a branch. We have only twenty-five points of outlet; and that is what is meant when we say that our organization is inadequate to provide retail outlets for all this merchandise and equipment.

The decision in this matter as it now stands is that it is not administratively practicable for War Assets Corporation to sell surplus war equipment to individual veterans, nor to institute a system of priorities that would ensure that individual veterans would get such equipment first from the ordinary channels of trade.

To sum the position up it may be said that as a department we are quite prepared to assist the individual need for any particular piece of equipment and to issue a certificate or acknowledgment that the veteran requires that article for his rehabilitation. The only problem that arises is the question of the distribution and retail outlets that would be necessary to make the thing effective.

Mr. GREEN: May I ask Mr. Crawford if his plan is that there shall be teeth in the priority enterprise; that the dealer is forced to recognize the priority?

Mr. CRAWFORD: Yes, that would be the thought.

Mr. ADAMSON: I have had a number of cases where men require cheap tools; they want to set up small machine shops, but they are informed that they must buy from a recognized company or dealer. They find it almost impossible to get this equipment from any recognized dealer. They have seen the tools, they have inspected the tools, and they know what they want; and those tools are lying in the warehouses of War Assets Corporation week after week when these veterans could be re-establishing themselves if they could get the tools. I mention machine tools as being one of the many things that are needed; and they see this equipment lying unused in the warehouses and being held for some reason. Surely there could be a better liaison between the Department of Veteran Affairs and the War Assets Corporation so that this equipment could be released to veterans who need it in the worst way and need it now.

Mr. WOODS: I suggest that the question raised by Mr. Adamson is one that should be put to the War Assets Corporation. As far as we are concerned, we did form a committee and we discussed the problems with them for some months, but were unable to work out a practicable solution. I suggest that the question be asked War Assets Corporation as they control the assets.

Mr. WRIGHT: In answer to Mr. Green's question, Mr. Crawford said that teeth would be put into the priorities; how does he propose to put teeth in there?

Mr. CRAWFORD: I would say you would have the same teeth there as you would in a priority which you get flow to purchase a car. You have to have a priority certificate now to purchase a car. I would say that the same regulation might be applied to this matter. I have not had an opportunity to discuss this suggestion with the Wartime Prices and Trade Board, but I have every reason to believe it could be done.

Mr. WRIGHT: The matter of these priorities comes in. In certain districts two or more veterans may make application for these trucks, but that district or that dealer, because of these additional demands, does not get any priority as far as getting trucks from the War Assets Corporation is concerned; and unless there is some priority given a dealer who has a number of veterans' applications the priorities simply do not work. There are certain areas where there are no veterans making applications and there are other areas where there may be three or four or five or six or a dozen applications from veterans for equipment, but if the dealer who has a dozen applications gets only one truck and the fellow who has no applications also gets one truck, there is not going to be a fair distribution. Unless you have some method of seeing that these trucks and equipment are channelled where the demand is you are not going to get a fair distribution. I think that must be taken into consideration.

Mr. FULTON: After listening to the statements just made by Mr. Crawford and Mr. Woods I cannot avoid feeling that they have not gone quite as far as we would like them to go, because if Mr. Crawford's scheme were put into effect it would mean that the priorities would be effective only in respect of vehicles and other equipment which has actually reached the dealers' hands from War Assets Corporation. What I had in mind in making this motion was that many complaints existed that these goods are slow in getting into the dealers' hands, and the dealers make the same complaint. What I had in mind was to make a motion which would involve the working out of a scheme whereby in effect the veteran is put in direct contact with War Assets Corporation, and as soon as any equipment has been declared surplus then the veteran is able to get his hands on it and so get on with his rehabilitation. We heard from Mr. Berry of the difficulties that such a scheme would involve in administration, and Mr. Woods has referred again to these difficulties. I should like to refer the committee to a discussion which took place when Mr. Berry was before the committee. It is to be found at page 125 of the minutes of evidence. We were suggesting to Mr. Berry that some such scheme be put into effect, and he outlined the difficulties. We followed the matter up, and I put this question to him—the scheme was that the Department of Veterans Affairs should be the department exercising the priority on behalf of the veteran—and this question was put:

By Mr. Fulton:

Q. That, of course, could be worked out, but it seems to me you said if we confined it to a reasonable number of categories—and that would be up to the department which were the essential ones—then I take it it would not be impossible to work out that scheme?—A. I believe that is a correct statement.

Now, we have been dealing mainly this morning with farm implements, but we have heard also from Mr. Adamson as regards other things, and there are many veterans who want to start tourist camps and are anxious to get their hands on surplus building and plumbing equipment. My motion will embrace all these. With these things in view, and having in mind the answer which Mr. Berry gave to the committee, I move:—

That this committee recommends that the Department of Veterans Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation, and pass them on the War Assets Corporation with the full priority of a department of the dominion government.

Mr. Woods has indicated that if the department did this it would involve the assistance of the department as being something necessary for the veterans' rehabilitation, and I think I would go so far as to say that if the department finds it has not got the necessary personnel to carry out such a scheme at the moment we will support—we are sometimes accused of pressing for economies on the one hand and advocating expenditures on the other—personally I would support the Minister of Veterans Affairs if he increases his estimates to provide for some additional personnel to carry out this scheme.

The CHAIRMAN: Mr. Woods would you like to say something before we discuss this matter?

Mr. Woods: Mr. Chairman, my department has neither the facilities nor the legislation authorizing it to purchase wholesale all the things the veteran will need in his rehabilitation. Such a course would require special legislation and would require a set-up and tremendous administration facilities at many hundreds of points at which we have no one at the present time. If a priority

could be worked out on a certificate authorization as to the individual's requirements which would be recognized by the trade; if a system could be worked out whereby we issued the certificate at the individual's need and that was recognized by the trade and we could give the priority there, it seems to me that is practicable; but for us to establish a retail organization would be a tremendous venture.

Mr. FULTON: My suggestion does not go that far. I appreciate what you say. The department would collect these requirements from veterans and say that they regard these as being essential and send them to War Assets in the same way as you would, as a department, if you wanted to buy something from War Assets. You say, "We exercise our priority." I am not suggesting that you actually buy these things from War Assets but that you pass on the requirements and that you tell them to give the same priority as if you were buying for yourselves. The veteran is protected; then through your department you can buy it from War Assets and it goes to the veteran.

Mr. Woods: That was our proposal; that we investigate the need, issue a certificate and give the certificate to War Assets and they would see it was met. That was not deemed to be practicable; I suggest that the answer to this problem surely rests with the corporation that controls the assets.

Mr. BENEDICKSON: Mr. Chairman, I am sure that Mr. Fulton's desire is to see that some of these war assets reach the hands of the veterans. I have been sitting on this committee and I have been sitting on the War Expenditures Committee and have participated in this subject in both committees, and I have come to the conclusion from what I have heard in the War Expenditures Committee that it is simply not practicable or desirable to have War Assets Corporation enter the field of retail selling to individual veterans. Now, Mr. Fulton has quoted Mr. Berry as saying that he would be prepared to do certain things.

Mr. QUELCH: I do not remember that Mr. Berry was prepared to do any more than quantity selling to the Department of Veterans Affairs.

Mr. BENEDICKSON: Now Mr. Woods has told us that he does not think retail selling is practicable for the Department of Veterans Affairs and War Assets do not want to attempt that, and I believe if we look at it carefully we can see why. They are now distributing their automotive equipment through the normal channels of trade and the distribution is going according to the 1941 purchase pattern to the few manufacturers of automotive equipment who are handling these things without charge and distributing the equipment down through to their own dealers with respect to the equipment which was originally manufactured for them. I think most of us will see that the average individual veteran who puts in an application wants to see that truck, because they all vary according to condition, age and so on. The only way that he can see that truck and the only way it can probably be put into proper condition for him to use it is through his local dealer. If the War Assets Corporation at Montreal on the wholesale level is to be asked to deal with the individual veterans all across Canada on trucks and automotive equipment and all such things I think you can see that it just would not work.

In addition to that, I might point out to Mr. Fulton that normally he and his group are very strong in attempting to use the normal channels of trade; and he is not consistent in suggesting that we should now employ additional help in one or other of the government levels for the purpose of doing work that the thousands of automobile dealers across Canada have now worked out a scheme to do. I want to assure him that he is going to receive a great deal of objection from that line of business who feel that they have worked out, through the head offices of their automotive companies and War Assets Corporation, a very fair scheme of distribution. If he now says that some division in Department

of Veterans Affairs, which I am sure would cost many hundreds of dollars, should be set up to compete with them and do the work they are now doing in the distribution of these supplies, I think we would have duplication; and we would certainly meet with the objection that he and his group raise to this type of business.

Then with respect to automotive equipment, I should like to suggest to the committee, before they press this too far, that they should read very carefully the record of the Committee on War Expenditures. We have had a very careful and full analysis as to the quantities of all supplies that were in the hands of the service departments, the numbers that were declared surplus to War Assets, the speed at which that equipment has been distributed through the country and has been getting into the hands of consumers and so on. I do not think there has been a similar exhaustive enquiry in the matter of machine tools raised by Mr. Adamson. I would think that, if he wants to pursue that problem, the proper channel is not through this committee, but to suggest to friends of his in his group on the War Expenditures Committee that they try to similarly enquire as to the speed at which equipment of this kind has been declared surplus, the channels into which it has entered and so on. I think I can say that there has been no serious objection taken in the War Expenditures Committee, after hearing the evidence, to the manner in which automotive equipment has been distributed through the country. If the veteran is to be helped, I personally am satisfied that Mr. Crawford has the best answer, and that is through priority declaration, probably raising the priority from what we have now, the B priority—which the veteran has in common with all other B holders—to A or something of that nature.

Mr. GREEN: Mr. Chairman, I admit that this is a very difficult question, but this committee, as a Veterans Affairs Committee is concerned primarily with the rehabilitation of the veterans. I think we should approach this question from that angle. I do not suppose anybody on the committee will dispute that the facts are that there is a large amount of equipment in the hands of War Assets Corporation that is badly needed to help some veteran become rehabilitated. That I think is a fair statement of the situation. Surely there can be some way worked out whereby those veterans who really need the available equipment to get rehabilitated, can get it. The present plan of having a priority with the dealers is a very inefficient way of getting the used equipment to the veteran. I do not know that anybody is to blame for that. I think the dealers by and large will do the very best they can to help out the veteran; but the question comes up of the equipment being in one town and the veteran who needs it in another, and all these things add up to the fact that the veteran is not getting that equipment from the War Assets Corporation in very many cases. It is a diminishing problem. It is not as though that problem would be increasing. The assets available are diminishing all the time as sales are made by War Assets Corporation. The number of veterans who require help to become rehabilitated is diminishing all the time; or if it has not reached that stage yet, it will be reaching it shortly. Is there not some way that the Department of Veterans Affairs can make a list of the cases where there is really a need of the equipment for rehabilitation purposes; not have a blanket coverage of every veteran who wants anything, but covering cases where there is a definite need, for rehabilitation, of these various things—it may be machine tools, it may be 50 different things other than automotive equipment. Then could you not have the department exercise its priority as a department of the federal government and buy that equipment from War Assets Corporation? If that is done, it does not interfere in any way with the work of War Assets Corporation. They are giving the government departments priority now. I admit it would add difficulties to the work of the Veterans Affairs Depart-

ment, but I think that is part of the job of rehabilitating the veterans. I do suggest that an attempt be made to work out some scheme on that basis. I do not know that it should be dumped on the Veterans' Land Act administration at all. They have plenty of troubles.

Mr. MURCHISON: Plenty.

Mr. GREEN: I guess they have more troubles than any other branch of the Department of Veterans Affairs. I think that the department, as a Department of Veterans Affairs and members of this committee as veterans, we must do a little better than simply say, "Oh, well, there is nothing that can be done about it. We have just got to carry on the way we are. We will tighten up the priority a little bit in so far as the dealer is concerned." I think that is a defeatist attitude. I really believe that this is one of the big problems of rehabilitation, and that we have not any right to shelve it. This motion may not be worded in exactly the right way. I think the Department of Veterans Affairs has a job to do here, and that some way can be worked out to help the man who really needs this war equipment for his rehabilitation.

Mr. LENNARD: Mr. Chairman, Mr. Benidickson stated that the ordinary channel in which these trucks were disposed of was through the manufacturer and from there to the dealers. If I heard Mr. Crawford correctly this morning, a third of the available trucks from War Assets Corporation had been handed over to the Canadian Federation of Agriculture.

Mr. WRIGHT: No, they have not.

Mr. LENNARD: They have not?

Mr. WRIGHT: No. That may have been suggested.

Mr. LENNARD: I do not know whether it is a third or not. But according to a Canadian Press despatch of June 12:—

War Assets Corporation to-day announced a total of 2,000 used military trucks will be released shortly to farmers selected under a plan to be set up by the Canadian Federation of Agriculture. The Federation will make allotments to each province and distribution will be directed by provincial sale committees.

Mr. WRIGHT: It has not been possible under the regulations for the Canadian Federation of Agriculture to get a third of the trucks. I do not think that priority has been carried out.

Mr. LENNARD: It says so, that they are going to do it. If that is a third of the available supply, we are wasting our time talking about it here.

Mr. WRIGHT: I would think the difficulty was because new trucks were not included in that, and new trucks went back directly to the dealer.

Mr. LENNARD: I do not know. I am just going by this press despatch.

Mr. CRAWFORD: The third I referred to was a release that was being made at one time. That is one release of trucks. It does not necessarily apply to all the trucks that will be released in the future, but to trucks that are being released at the present time. I understand it is a trial, to see just how it will work out.

Mr. LENNARD: My point is this. Would it not be possible for a bona fide veteran on a farm to have some priority with the Canadian Federation of Agriculture? If this is a trial, a token sale, and it is successful, they will probably handle them on a large scale throughout the dominion; and I think the approach from the Veterans Affairs department to the Federation of Agriculture would be a step in the right direction.

Mr. CRUICKSHANK: May I say a word, Mr. Chairman?

The CHAIRMAN: Mr. Wright has the floor now.

Mr. WRIGHT: Mr. Chairman, I was one of those who thought, when this matter was raised first, that there should have been a department in the Department of Veterans Affairs or rather under the Veterans' Land Act, set up to handle war assets for the men settling under the Veterans' Land Act scheme. I recognize that it is too late now to do that. There have been too many of these assets already disposed of, and it would be impossible I think at the present time to do that. I still feel that it could have been done and should have been done; and that if it had been done we would not have had this argument that we are having to-day. But that is water under the bridge. As Mr. Green has stated, it is now becoming a diminishing problem as the war assets are disposed of.

Mr. FULTON: There are still a lot of them left.

Mr. WRIGHT: I think to a large extent they have already been disposed of. The problem at the present time, as I see it, is to try to get as fair a distribution as possible of what is left. Again I want to point out that we are not getting that at the present time. Unless we have some better method of recognizing these priorities which you people through the Veterans' Land Act intend to issue to the veteran; unless there is some method whereby the dealer will be able, because of his having these priorities, to get a priority from War Assets Corporation for a truck or for a tool or whatever it may be that the veteran wants, we will not get that desired distribution. At the present time the distribution, as Mr. Crawford has said, is on the basis of the 1941 sales of equipment in Canada. The picture has changed in 1946; and we find that, in areas where the veterans are congregating more than in other areas, those quotas do not meet the demand. Unless we can change the 1941 quota in some way so that the veteran's priority is being recognized to a greater extent than it is at the present time, it is not worth the paper it is written on. I think that is where your problem lies, and I think that is the problem you are going to have to solve.

Mr. CRUICKSHANK: May I say a word now, Mr. Chairman?

Mr. CROLL: Yes, go ahead.

Mr. CRUICKSHANK: I have said very little today, but not because I lost a lot of money on the Louis-Conn fight last night. I want to back up what Mr. Lennard said. If you check back on your record, Mr. Chairman, over the past 6 months you will see that I brought this up before. Last night I got a wire from my riding in connection with the disposal of trucks under the Federation of Agriculture. I can see no reason, except that we are not prepared to assist and see that it is done, why the veteran cannot be served in the same way with regard to trucks. In Vancouver today there are a hundred idle trucks. The member from Vancouver South, if he can spare time enough, will agree with me that there are over 100 trucks standing idle in Stanley Park today. I suggested to you, Mr. Chairman, and to your minister some 6 months ago that there be given the same consideration in so far as veterans are concerned, as is accorded to the farmers. I got a wire last night to that effect again, that the Canadian Federation of Agriculture are granted so many trucks in British Columbia and they are apportioned out. I cannot see any reason why the same thing cannot be done through your department for the soldiers. To me it is absolute nonsense, for this committee to sit here when trucks are standing idle in Vancouver and the veteran farmers cannot get them and for us to take the word of Mr. Berry or anybody else that the trucks are not available. They can be made available. I suggest that the same allotment be made—as suggested by Mr. Lennard—as is done through the Canadian Federation of Agriculture.

Mr. CROLL: Mr. Chairman, may I just make this suggestion. I do not think this problem is as great or as insurmountable as we think it is. I do not think Mr. Fulton himself goes far enough. If we are going to deal with war assets, I think we ought to go further and take everything—equipment, tools and materials.

Mr. BROOKS: I agree with you.

Mr. FULTON: I should be glad to do that.

Mr. CROLL: In the first place, the veteran today has an order which permits him to walk out and purchase. He may live 20 miles, let us say, from the city of Windsor or the city of Toronto. He goes in to see the D.V.A. in that city. He goes to his closest office and makes arrangements. There is no trouble about going to the head office of D.V.A. It does not take a great deal of organization. For instance, in western Ontario we have a regional war assets office in London. In Toronto we have a tremendous office on Fleet Street, twice as large as this place and with twice as much more available. There is nothing difficult about that. They cover about the same area as many D.V.A.s, or a comparable area. The soldier walks into the D.V.A. office and a man is allocated to do the job and he says, "I need tools and I need machinery and I need material." The essentiality is established by the D.V.A. He merely takes his order to the regional office and says, "Now, look, I have an order here for 7 trucks; I have an order for 6 cases of tools and I have an order for something else." The D.V.A. man takes it to the regional office. Then when the things come in to the regional office and are distributed to A, B and C, all he has to do from that point on is to say to A, B and C, "Now, there is a priority on this at the going price for veterans to this extent. You buy subject to this priority, so that if you buy 10 cases of tools from War Assets, you know there is a priority for 3 of them to the veterans A, B and C." The veteran is notified, he comes in and picks it up or does not pick it up and the whole thing is done. It seems to me that the whole trouble is at an end, that the administrative problem is very little. We cannot shovel these things through War Assets, but when the thing comes into the region, when it comes into the area, all D.V.A. does is lay their hands on it. You say, "How do we enforce it?" I do not think that is essential. I think that what Mr. Crawford said is true of everyone. The farm implement dealers in the main cooperate and these people will cooperate because he will get into the black books of both the D.V.A. and the War Assets Corporation if he actually has notice of priority and does not live up to it. In that respect we can give the veteran whatever there is in that area. I think that is as far as we can go. I do not see what difficulty there is about doing that. All it would require is one man at D.V.A. to do it, to be a liaison officer with War Assets Corporation in that area and the whole problem seems to me to be solved. I cannot see any difficulty about it. I should like to hear what Mr. Woods has to say about it.

Mr. CRUICKSHANK: Except that it is nonsense.

Mr. CROLL: Well, what does Mr. Woods say?

Mr. CRUICKSHANK: Mr. Croll is a good friend of mine. He says it is feasible. It is all right, except the veteran does not get the equipment.

Mr. CROLL: Let us hear what Mr. Woods has to say about it.

Mr. WRIGHT: I should like to point out to Mr. Croll that it might be all right in some place like Toronto or Montreal where there is an office of the War Assets Corporation, but there is no office of the War Assets Corporation between Winnipeg and Vancouver.

Mr. CROLL: I am not sure that is right.

Mr. WRIGHT: We would have to walk a long way.

Mr. CROLL: I think you are wrong in that. I think there are regional offices in every province, at least one or two, even in the western provinces.

Mr. WRIGHT: Give me their address in Saskatchewan.

Mr. CRUICKSHANK: They have no authority.

Mr. CROLL: I did not say they have authority. But there are regional offices. I am assuming there is a wide spread, but I know there are a couple in each province.

Mr. ADAMSON: Mr. Chairman, I did not go out of Toronto. In the case I am speaking of, it is a case in Toronto where a man did apply for machine tools, was recommended, went to see the tools, knew exactly what he wanted, sent me the serial numbers of the tools, had the equipment and men to work with all ready to go, and he could not get any further either through D.V.A. or War Assets. He wrote to me with all the details of what he wanted and I have now taken it up with War Assets here and with Montreal. But that machinery set up may be all right in theory, but in this case I am speaking of it did not work.

Mr. CROLL: I am suggesting it go through the dealer.

Mr. QUELCH: Mr. Chairman, I think it is a fact that various organizations and bodies of people in Canada to-day are able to exercise a priority against goods held by War Assets Corporation, yet one body of men that should have that privilege are not allowed to exercise it. I refer to the veterans. For instance, the rural schools throughout the dominion are able to write down to War Assets Corporation, to get a line on certain equipment that they have and then buy it for schools. Why could not the same thing be done with regard to the veteran? Apparently there would be some difficulty in regard to the Department of Veterans' Affairs handling it. But would it not be possible for the Department of Veterans' Affairs, working in active cooperation with the Legion, to do that? The Legion have branches all over the dominion. They are very much alive. They are right on their toes. They are dying to get something to do to show that they are a live organization. Why not use the Legion, for that purpose, as a distributing agency across the dominion? I think it could be worked out through them.

Mr. CROLL: What has Mr. Woods to say?

Mr. WOODS: May I reply to Mr. Croll, reply to the suggestion Mr. Quelch has made and also say something in reply to Mr. Green. Mr. Green has suggested that ours is a policy of laissez faire, that it is a defeatist policy, that we have done nothing.

Mr. GREEN: I did not say that nothing had been done.

Mr. FULTON: I do not think Mr. Green suggested that.

Mr. WOODS: I understood Mr. Green to say that.

Mr. GREEN: I started off by saying that I realized the difficulties.

Mr. WOODS: I understood Mr. Green to say it is not sufficient to be sitting back and considering nothing can be done and so forth. I do respectfully point out that we ourselves took the initiative in this thing. We formed a committee to study it. We asked War Assets in to see us and we made a proposal. We made the proposal that we were prepared to certify and issue a certificate as to the need of a veteran for the articles or equipment that he needs if War Assets will accept that and recognize it; that either through provincial depots or through the retail trade it could be done if a certificate from us as to the need of the veteran were accepted. That was our proposal. They considered that was impracticable. So we have done something about it.

Mr. CROLL: That is the answer.

Mr. WOODS: As to Mr. Croll's question, certainly we have signified our willingness to issue a certificate. The additional administrative staff necessary or that is negligible, simply because we are talking with the boys about their problems everyday: "What are you going into? Are you going to use your re-establishment credit?" and so on and so forth. There would be no difficulty at all for us to issue a certificate as to his needs, but the fulfilling of that need is something else again. Mr. Quelch has suggested that the Canadian Legion, with its outlets of 1,200 branches, might well be depots for the distribution of these articles. I had the pleasure of suggesting that same thing to the Canadian Legion myself over a year ago. I want to repeat, Mr. Chairman, that it is suggested that we purchase these assets and resell them to the veteran. Why to

purchase and resell? They already belong to the government. They are in the hands of the government now. Why should one department purchase from another department when War Assets at present hold them and have them for distribution.

Mr. GREEN: Well, other departments are doing that, are they not? They are buying things from the War Assets Corporation.

Mr. WOODS: Well, the question of schools has been mentioned. The provincial government has a priority, just the same as any other government department, for the purchase of equipment for schools; and it is because of the provinces' priority that the schools are able to get their requirements. The point I want to make is this: we have no facilities. I consider that it would be impracticable for us to set up facilities to purchase, store, and then release. It would be a duplication. The only other alternative to that is for us to certify the need and issue a certificate, and if that certificate is acceptable and can be recognized that would solve the problem.

Mr. QUELCH: Did you say that the Legion made a recommendation?

Mr. WOODS: The Legion were a little diffident about handling it. I do not know whether they have considered it recently.

Mr. CRUICKSHANK: I would like to say one thing to Mr. Woods; I do not think the Legion have refused it.

Mr. WOODS: You do not think they have refused it?

Mr. CRUICKSHANK: No, I do not, with all due deference.

Mr. WOODS: I will leave it to the Legion; you can ask them. They should make their own statement.

Mr. CRUICKSHANK: What I cannot understand is why we cannot find a means when the Canadian Federation of Agriculture can allot the trucks? Don't tell me you have not got the staff when I have a thousand soldiers in my riding unemployed. That is nonsense.

Mr. GREEN: May I ask the deputy minister one question? Are there not cases where veterans wish to use their re-establishment credit for the purchase, say, of machine tools; or they need a truck or tractor?

Mr. WOODS: Thousands of them, Mr. Green.

Mr. GREEN: Would not that all tie in with the work of the department? You have to decide whether or not he is to get that credit and whether the value is in the article; why cannot you just go one step further and use that credit to get that truck through War Assets Corporation?

Mr. WOODS: Do you mean that we should physically take the truck over?

Mr. CROLL: That is very dangerous.

Mr. GREEN: I want to get the deputy minister's answer.

Mr. WOODS: I suggest that it is impracticable for us to physically take the assets over and store them and release them as required. That is the problem with us. I said that we are willing to issue a certificate if that certificate can be recognized by War Assets Corporation or the trade.

Mr. GREEN: What happens in the case of another government department taking over assets from the War Assets Corporation? Actually the provincial government of British Columbia took over a truck the other day for road work. The question of storage would not enter into the picture. Surely War Assets Corporation could deliver the article direct?

Mr. FULTON: You give the orders and they reliver them.

Mr. ADAMSON: Could not they be purchased from War Assets?

Mr. WOODS: They will not do that.

Mr. FULTON: The suggestion I have made coincides with what Mr. Green has in mind: it is not that you should set up a storehouse and buy these things in advance and hold them against veterans requirements, but as the requirements come in you pass them to War Assets and say: deliver a truck to such and such a place. It is no more difficult for War Assets to do that than it is to deliver a truck to a dealer in Vancouver.

Mr. WOODS: You suggest we give a man a kit of carpenter tools; I suggest we give a certificate to War Assets authorizing them to give these tools to him. Are you suggesting that we purchase them?

Mr. FULTON: That is immaterial.

Mr. WOODS: If it is immaterial, that is precisely what I have offered to do; issue a certificate as to his need.

Mr. QUELCH: And they insist that you buy them?

Mr. WOODS: They have said that is a retail business and it is impracticable.

Mr. FULTON: Then we say that you should buy them and collect the money back from the veteran.

Mr. BENEDICKSON: I think this discussion is going to be endless, but if we are going to pursue this further I suggest that we have representatives of the various agencies here to tell us the difficulties of each department, because one will say he will do so much and the other department will do so much, and it is simply a case of a man lightening his administrative difficulties while he is increasing those of another department. I think the steering committee should deal with this.

The CHAIRMAN: Gentlemen, I suppose some of us have hopes of getting out of here by the middle of August. Now, we have work before us which I guarantee has to do with veterans' legislation that will keep us occupied until that time. If we are going to run after every rabbit that crosses our path we will never get anything actually accomplished. I suggest that we leave this to the steering committee, and they can make a recommendation which we shall deal with later.

Mr. CROLL: O.K. that is done.

The CHAIRMAN: Is that agreed?

Mr. FULTON: Yes.

The CHAIRMAN: Now, there is another matter which I would like to mention. I would like to know whether the committee is ready to report to the House the V.L.A. bill which we actually considered the other day, so that we can get that bill into the House, with the understanding that as regards any of these other things that we have time to take up we will have the right to make recommendations in regard to them. Will you allow us to report that bill which we consider we have a chance to get into legislation?

Mr. FULTON: I have a notice of motion which will affect the Veterans' Land Act—it is a recommendation for an amendment which I think should be considered before we make the report.

The CHAIRMAN: With regard to that, Mr. Fulton, it is a matter of stating the facts: the write-off. That was put to the government. That has regard to a write-off dealing with unusual costs in a particular community, and it was thoroughly gone into. It is certainly within the power of this committee to recommend that it be done, but the government is quite satisfied that it has gone as far, in regard to the write-off, by appropriating this \$1,000,000 for that purpose, as it is prepared to go. Now it is perhaps a matter of whether we will take a whole day to discuss this matter when the government has already considered it and said that the \$1,000,000 is as far as it is willing to go in the matter.

Mr. CROLL: Tell us how they are going to spend the \$1,000,000?

The CHAIRMAN: In regard to that, Mr. Murchison is prepared to make a complete statement. He was prepared to make it this morning—as complete a statement as he can to date. Apparently Mr. Murchison wishes to make that statement verbally, and I suggest that we hear that statement when we meet again, and that we leave to the steering committee this other matter.

Mr. GREEN: What about meeting tomorrow?

The CHAIRMAN: As regards meeting tomorrow, perhaps you do not know, but I will say that one of the groups of this committee is having a meeting and it is felt that its members should attend if at all possible. It is unusual to have such a meeting on Friday, it is generally held on Wednesday; but due to certain circumstances it was not possible to hold it on Wednesday.

It is a matter again for the committee to decide whether we meet tomorrow regardless of that.

Mr. CROLL: You will not have a quorum.

The CHAIRMAN: It might be hard to get a quorum, but we have met three times this week.

Mr. GREEN: Why not meet on Monday morning?

Mr. CROLL: Okay.

Mr. GREEN: And finish it; devote the whole day to it.

Mr. CROLL: Monday, then.

The CHAIRMAN: Is it the wish of the committee that we try to clear this matter up on Monday next?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: And that we adjourn until Monday next?

Mr. GREEN: There is another thing, Mr. Chairman. May I suggest that I do not think Mr. Benidickson's suggestion should be ridden over roughshod. I think he made a very good suggestion, to have the War Assets man here and the Veterans' Affairs man here and we will find out which one is in the woodpile.

Mr. BENIDICKSON: I made the suggestion to be considered by the steering committee if and when this thing comes up again. I think it should come up there.

The CHAIRMAN: Would it suit the steering committee to meet today and try to take a bird's-eye view of this, maybe at 4 o'clock?

Mr. BROOKS: No, I have another meeting.

The CHAIRMAN: Well, would it suit to have a meeting of the steering committee tomorrow at 10 o'clock?

Mr. WRIGHT: It suits me.

The CHAIRMAN: Tomorrow, at 10 o'clock then, there will be a meeting of the steering committee.

Mr. BROOKS: There is no other meeting tomorrow except the steering committee?

The CHAIRMAN: No. We will adjourn now. A draft of a proposed bill to amend the War Service Grants Act will be distributed to the members today.

The committee adjourned at 1.10 p.m. to meet again on Monday, June 24, at 11 o'clock a.m.

APPENDIX

THE SASKATCHEWAN ASSOCIATION OF RURAL MUNICIPALITIES

403 McCallum-Hill Bldg.,
Regina, Sask.

June 5, 1946.

The Honourable IAN MacKENZIE,
Minister of Veterans Affairs,
House of Commons,
Ottawa, Canada.

Dear Mr. MacKENZIE:

The underwritten resolutions of the 1946 Convention of the Saskatchewan Association of Rural Municipalities deal with re-establishment of ex-service personnel, and are submitted for your consideration.

Resolution No. 116.

"Whereas the shortage of farm machinery has become so acute that hundreds of returned men otherwise prepared to do so are unable to farm this year on this account,

We therefore urge immediate and forceful action to remedy the situation."

Resolution No. 117.

"Whereas many veterans of the Second World War wishing to settle on land cannot do so in time to be able to commence farm operations in the spring of 1946 due to certain delays, chief one of which is that the valuation of a parcel or parcels of land is delayed till the snow is off,

Be it resolved that this Convention go on record as urging that the Director of Veterans' Land Act, in the valuating of a parcel or parcels of land, do avail himself of the assessment records in the offices of rural municipalities prepared by valuers of the Saskatchewan Assessment Commission and value a parcel or parcels early rather than wait till spring, so that a veteran or veterans may be placed on land in good time for the 1946 spring farming operations."

Resolution No. 118.

"Whereas there is a great need for increased agricultural production and, Whereas re-establishment assistance is not available to returned men wishing to farm their fathers' farms on a rental basis, nor to men who did not have three years' practical farming experience between their eighteenth birthday and the date of their enlistment, and,

Whereas re-establishment on farms is being greatly delayed by the time required, under the present system, for land inspection, now therefore be it resolved that this Association urge upon the Federal authorities the need for more speedy re-establishment of veterans on the land, and that use be made of the Win-the-War Committees set up during the war, to help win the peace, and that returned boys be given assistance where they wish to take over their fathers' farms on a rental basis, and that a man's experience be taken into consideration irrespective of age on enlistment."

These Resolutions all deal with problems connected with establishing or re-establishing ex-service men in the farming industry. Number 116 urges action to remedy the shortage of farm machinery which is represented as retarding progress of soldier settlers in spite of priorities given to ex-service men in the purchase of farm machinery.

Number 117 suggests the use of land valuation records of the Saskatchewan Assessment Commission as an alternative to view assessments by appraisers under the Veterans' Land Act. This suggestion arises from the fact that inspections could not be made while the snow was on the ground and it was thought that if the valuations of the Saskatchewan Assessment Commission could be used it would facilitate farm placements. This was discussed to some extent with officials of the Regina office of the Veterans Land Act, who were of the opinion that while the Assessment Commission's records were useful in conjunction with the Board's appraisals, actual inspections by Board's appraisers could not be entirely dispensed with.

Resolution Number 118 was sent to you on March 18th and acknowledged for consideration. We would be glad to know whether any action has yet been taken on the suggestions contained in this Resolution, and would also appreciate your comments on the suggestions contained in Resolutions numbers 116 and 117.

Yours very truly,

(Sgd.) C. G. BRYDEN,

Secretary.

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*Legislation - Veterans Affairs
- April 1946*

SESSION 1946
HOUSE OF COMMONS

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SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 36

MONDAY, JUNE 24, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister of Veterans Affairs;
Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

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MINUTES OF PROCEEDINGS

MONDAY, June 24, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Archibald, Ashby, Baker, Benidickson, Brooks, Croll, Cruickshank, Fulton, Green, Harris (*Grey-Bruce*), Herridge, Lennard, MacNaught, McKay, Mutch, Quelch, Ross (*Souris*), Sinclair (*Vancouver N.*), Tucker, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, Deputy Minister, Department of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

The Chairman presented a report of the steering committee reading as follows:—

Your Steering Committee met on Friday, June 21, to consider the items remaining on the agenda and agreed that an effort be made to conclude the Committee's work by the 23rd of July.

There are eleven bills yet to be reported to the House and it is felt that a minimum of sixteen meetings will be required to deal with them. It is recommended, therefore, that the Committee sit on Monday, Thursday and Friday mornings of this week and on Monday, Tuesday, Thursday and Friday mornings of succeeding weeks, and that time for the discussion of each subject be allotted as follows:—

Bill respecting civilian war pensions and allowances.....	2 days
Bill respecting Fire Fighters, Supervisors in the Auxiliary Services, etc.	3 "
Bill respecting war veterans allowances	3 "
Bill to amend The Veterans' Land Act.....	2 "
Bill respecting veterans of Forces allied with Canada.....	1 day
Bill to amend the Veterans Rehabilitation Act.....	1 "
Bill respecting business and professional loans.....	2 days
Bill to amend the Reinstatement in Civil Employment Act	}..... 2 "
Civil Service Preference	
Bill to amend the War Service Grants Act	1 hour
Bill respecting certain special agents.....	5 min.

Your Steering Committee further recommends that, should it be found impossible to dispose of any matter within the time allotted, or if it is desired to add to the agenda, additional meetings be held in the afternoons or evenings.

On motion of Mr. Mutch the report of the steering committee was adopted.

Mr. Murchison was recalled.

Mr. Murchison made a statement respecting the proposal to extend the grant under the small holdings section of The Veterans' Land Act, 1942, to include a proportion of the cost above six thousand dollars of houses actually constructed, or in process of construction, and was questioned thereon.

Mr. Murchison filed the following statements which are printed as appendices to this days minutes of proceedings and evidence:—

Appendix A—Details of costs of units in various small holding projects;

Appendix B—Details of fixed fee and plant equipment fee in “cost plus fixed fee contracts”;

Appendix C—Explanation of the item “project overhead” and break-down of overhead costs on three British Columbia projects;

Appendix D—Copy of “cost-plus” contracts used in Ontario.

Mr. Fulton moved that the Committee recommend that The Veterans' Land Act, 1942, be amended to provide that the total cost of all homes over \$6,000 presently constructed or in actual process of construction under the Small Holdings Scheme be subsidized twenty-three and one-third per cent.

After discussion, and the question having been put on the said motion, it was resolved in the affirmative.

Mr. Fulton moved that the Chairman report the Committee's recommendation to the House.

After discussion, and the question having been put on the said motion, it was resolved in the affirmative.

At 1.00 o'clock p.m., the Committee adjourned until Thursday, June 27, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

ERRATUM

Minutes of Proceedings, No. 29, Friday, June 29, 1946: page IV, line 2, for the word *negative* read the word *affirmative*.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 24, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, your steering committee met on Friday last and drew up the following recommendation which I will read to the committee.

(See minutes of proceedings.)

Mr. MUTCH: I move that the report be adopted.

Mr. HERRIDGE: I second the motion.

(Motion agreed to.)

The CHAIRMAN: In regard to the question of priority for the purchase of war assets, as the committee will be aware, the first notice we got of the meeting of the Empire Parliamentary Association indicated that it would be held in this room to-day. We thereupon made arrangements with the Rt. Hon. Mr. Howe to appear before the committee in regard to the matter of war assets to-morrow. He is very busy, and that was arranged with some difficulty. It was then found that the Empire Parliamentary Association meeting was put off until to-morrow, which meant having a meeting to-day instead of to-morrow; and it was impossible for Mr. Howe to readjust his program to come here this morning. The soonest we can possibly get him is Thursday morning. So I think the best plan would be to adjourn any further discussion on that matter until the minister is here on Thursday morning. Unfortunately it means that we are going to take up part of still another day on the matter, but of course it is an important one and we shall have to try to make up for it in some other way.

This morning we have Mr. Murchison with us to give a statement in regard to the small holdings matter.

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, called.

The WITNESS: Mr. Chairman and gentlemen, what I have to say to the committee this morning may not be a complete reply to all the questions which were asked at a meeting a short time ago; but if you will bear with me I shall endeavour to cover it as fully as the detailed information available to me at the moment will permit.

First of all, Mr. Chairman, I might make a few comments in regard to the notice of motion made by Mr. Fulton on June 18, part of which reads:—

This committee recommends that the Veterans' Land Act, 1942, be amended to provide that the total cost of all homes over \$6,000 presently constructed or in actual process of construction under the small holdings scheme be subsidized at 25 per cent.

I have the following comments to make on that proposal. Mr. Fulton's motion would certainly require a substantive amendment to the Veterans' Land Act, as

it involves a matter of principle. So far as the housing program undertaken by the director in 1945 is concerned, Mr. Fulton's proposal would not produce the advantages that might at first glance appear; and on the other hand it would produce even greater disadvantages against veterans who do not participate under the benefits of the Veterans' Land Act.

P.C. 1278—that is the adjusting order in council—a copy of which has been placed in the records of this committee, is clearly within the intent of section 21 of the Veterans' Land Act. It simply makes provision to absorb costs which, for a variety of reasons, are out of line with the general level of local construction costs. There are many of the houses constructed under this program which cost in excess of \$6,000 and which are not out of line with present-day levels of construction costs and cannot be duplicated at lower cost. It should be borne in mind, too, that these small holdings carry the maximum subsidy of cost of land and buildings permitted by the Act, namely 23½ per cent, but not applicable to unit costs in excess of \$6,000.

The following examples illustrate how the formula contained in P.C. 1278 works where the adjusted cost is in excess of \$6,000.

Cost—\$6,500
Down payment—\$600
Subsidy—\$1,400
Contract—\$4,500
Monthly payment—\$22.61.

Under Mr. Fulton's proposal the down payment would be \$600; the subsidy \$1,625 in place of \$1,400; contract, \$4,275 in place of \$4,500; which would produce a monthly payment of \$21.48, or a difference of \$1.13 a month as compared with the formula already contained in the order in council.

By Mr. Fulton:

Q. May I ask one question there? That is dealing with a house of \$6,000?—
A. Or more; \$6,500 is the total cost of land and building. Carrying it further and applying it to a total cost of \$7,000, the order in council authorizes a down payment of \$600; amount of subsidy, \$1,400; contract, \$5,000, which produces a monthly payment of \$25.12. Under Mr. Fulton's proposal the down payment would again be \$600; the subsidy would be increased to \$1,750, the contract would be reduced to \$4,650, which would produce a monthly payment of \$23.36, or a difference of \$1.76 a month as compared with the formula already provided by the order in council.

I think it is obvious, Mr. Chairman, that these differences in the monthly payment do not mean the difference between success and failure. At any rate, housing of this class cannot be rented, let alone purchased, at these figures by other veterans who constitute the great majority in need of housing.

For instance, the monthly rentals charged for Wartime Houses, of which many thousands have been built across Canada, are as follows: \$37 per month for a 4-bedroom house; \$33 per month for a 3-bedroom house; and \$27 per month for a 2-bedroom house. Wartime Houses are good houses, but they are not as expensive to build as those constructed under the Veterans' Land Act. There are very few of them that have complete permanent basements, nor do they have central heating—that is, a standard furnace. I am sure this observation will be agreed to by anyone who has taken the trouble to compare the types of construction used.

The great majority of the Veterans' Land Act houses where cost exceeds \$6,000 are 3-bedroom houses. A limited number are 4-bedroom houses. Yet there is a wide difference in the cost of occupancy with Wartime Houses. It should be kept in mind that there are several thousand Wartime Houses under construction this year and they are intended to be for 100 per cent veteran occupancy.

I may also direct attention to the position confronting veterans who seek to build an urban home under the National Housing Act. Assuming a cost of \$6,500, the maximum loan available would be approximately \$5,000. There is no subsidy whatever; the interest rate is $4\frac{1}{2}$ per cent; the veteran must find a down payment of approximately \$1,500 and his monthly payment would be approximately \$28 plus normal urban rates of taxation.

I think it is highly important that attention turn to the position confronting 2,000 veterans who have used their re-establishment credits for the purchase of homes not under the National Housing administration. The total purchase price recorded with respect to those 2,000 veterans—and these figures are as of May 31st—was \$8,200,000, and apart from their limited re-establishment credits there is no other subsidy available to help them.

I am not quoting these figures, Mr. Chairman, relative to Wartime Houses or to National Housing Act financing, or with respect to the position of veterans who are using their re-establishment credits in connection with housing, with any thought of focusing criticism on any of those measures, but simply to compare those things with the very attractive provisions which exist under the Veterans' Land Act, and to emphasize that if any additional subsidy is to be considered on behalf of the limited number of veterans participating under the Veterans' Land Act, it would be decidedly unfair to the great majority of veterans who must solve their housing requirements by other means.

We are not yet in a position to advise the full distribution of the \$1,000,000 adjustment under the authority of P.C. 1278, but by the way things are shaping up as construction draws near to completion, I am hopeful that the full amount will not be used. I doubt that this committee is interested in the details of cost of each individual house constructed, and I have therefore had prepared a breakdown of the projects which have been dealt with by Mr. Woods and myself to date, and which I will place on the record. This breakdown gives the location of the groups of small holdings concerned, the range of sale contracts to veterans after deducting down payment and the contingent grant, and showing the average monthly payment required.

I have a list here comprising some 29 different projects—British Columbia, Kelowna, Kamloops, Vernon, Powell River. For example, at Kelowna there are 30 units; the range in sale price to veterans after deducting down payment and the contingent grant shows that 17 out of the 30 produced a contract under \$4,500; 6, one of \$4,501 to \$5,000; 5 of \$5,001 to \$5,500 and only 2 of them over \$5,500. At Powell River, there are 19 units; 15 of the contract prices are under \$4,500; 4 are between \$4,501 and \$5,000; and there are none above that figure. That will produce a monthly rate there of \$21.55.

By Mr. McKay:

Q. Does that include the down payment?—A. That is after allowing for the down payment. If the cost were \$6,000 or more, the down payment would be \$600. If the cost is less than \$6,000, the down payment is 10 per cent of the cost.

By Mr. Brooks:

Q. Those houses are completed?—A. Those houses are completed.

By Mr. Cruickshank:

Q. What about Chilliwack?—A. I have not the details of Chilliwack on this sheet, Mr. Cruickshank; but the case was dealt with late last week and the decision reached by the committee was to adjust those costs in line with Powell River, Kelowna and Vernon, so that the figures I have quoted for Powell River and Kelowna may be taken as an index to Chilliwack. I do not think, Mr. Chairman, it will be necessary for me to go through this whole sheet.

Mr. Mutch: Put it on the record.

The Witness: I will merely file it for the record, and those who are interested may look it over.

(Appendix "A")

During a meeting a short time ago some questions were asked as to the terms of contract under which many of these houses were built. I have brought here this morning, Mr. Chairman, a list of the contracts ~~let~~ on a cost plus fixed fee basis, showing the location of the project, the name of the contractor, the number of units of housing, the fixed fee in each case and also the fee allowed as rental for plant equipment. I should like to table that too, as part of the record, which contains some interesting information.

(Appendix "B")

By Mr. Brooks:

Q. Are those contracts let by tender?—A. Not cost plus contracts. There was also some discussion at our meeting a few days ago on the subject of what constituted "project overhead." Mr. Cruickshank, I think, was rather anxious to find out what the real definition of that may be; and I will frankly confess, Mr. Chairman, that possibly I was a little bit in error in some of the replies I made. So I have brought here this morning a definition of what constitutes "project overhead." Project overhead includes the following items. First there is the item of temporary buildings. Those are temporary buildings put up for processing of material or housing staff. Then there are contractors' fees that is your fixed fee, and it would vary from \$175 to \$250. Those particulars are on the last statement I supplied. The salaries of staff located on the project, including superintendents, salaried foremen, accountants, bookkeepers, stenographers, timekeepers, material checkers, first aid attendant, watchmen and waterboys. With a project say applying to a total of 250 houses, you can understand that is quite an undertaking and requires considerable staff to handle. It also includes miscellaneous expenses incurred at headquarters in direct relation to the project, such as travelling expenses, telegrams and telephone calls. That is the official definition I have given as to what constitutes "project overhead" and I should like to place that upon the record, together with a statement of tentative final costs for overhead on division 111 which is in the Fraser Valley, so that I think Mr. Cruickshank will be able to get about all the information he requires from those figures.

(Appendix "C")

Mr. CRUICKSHANK: I would not say all that I require.

The Witness: The only other material I wish to place on the record this morning, Mr. Chairman, is a copy of the standard cost plus fixed fee agreement. I feel that a copy of this agreement should go into the record so that members will have a chance to study it and to convince themselves that this is a well drawn agreement properly protecting the public interest and it is largely patterned on the type of cost plus fixed fee agreement widely used by the Department of Munitions and Supply during the war. I will table that also for the record. That is all the information I have to give.

(Appendix "D")

By Mr. Cruickshank:

Q. Will you tell us the cost per cubic feet? You gave that for some districts but not for British Columbia.—A. I did not incorporate the cubic feet costs in this breakdown which I brought this morning. I reduced it to terms of sales price and housing.

Q. Will we get that later on?—A. That can be got. What I have given you this morning is what I feel is the more important thing; it will show just what these houses are costing the veterans, what their monthly payment will be, and how these costs will compare with the situation concerning tens of thousands of other veterans who must solve their housing difficulties under other arrangements.

Q. In order to carry it right through, I am interested in getting the cost per cubic foot at Haney, Chilliwack and Mission as compared with Kelowna and Vernon?—A. I can get you that.

Mr. FULTON: The statement which Mr. Murchison has made is a very interesting one. It shows the difference which already exists between houses under the small holdings scheme of the Veterans' Land Act and other housing projects in the dominion, and I have to admit that veterans who find themselves in the position that they have to take houses not under the small holdings scheme face a great many difficulties. The point I am going to make is that we are dealing with the small holdings scheme, and the resolution I intend to move contemplates only the Veterans' Land Act and, therefore, contemplates a scheme in which there is already existing a subsidy, and the only purpose of the resolution would be to provide for the extension of the subsidy to those houses which are going to cost over \$6,000 under the Veterans' Land Act scheme. While, as I say, Mr. Murchison's statement is interesting, I do not think we should allow ourselves to be governed too much by the fact that there is a difference between the Veterans' Land Act housing scheme and any other scheme which may be in effect. The only question is: are we to extend the same benefits to veterans forced to take houses costing more than \$6,000 under the Veterans' Land Act scheme, as they already have or would have, if they take a house costing less than \$6,000? In dealing with the difference under the proposal suggested by myself between that and what is already being done Mr. Murchison pointed out in the case of a house costing \$6,500 the difference in the contract payment will be \$1.13 a month—or was it \$1.33?

The WITNESS: \$1.13.

Mr. FULTON: That means \$13.56 a year or over a twenty-five year period \$339 extra payment. In the case of a house costing \$7,000 the difference would be \$1.76 a month or over a twenty-five year period a total difference of \$528. In the case of a house costing \$7,500 I presume the difference would be something like \$700 or \$750; and that proportion would be carried through. Now, it should be remembered that this would save the veteran \$339 or \$528. To the two cases given there must be added the difference in the amount of subsidy. Those figures did not appear very clearly, but under my proposal the veteran will be subsidized to a considerably greater extent; the difference becomes fairly substantial when we take in the figures as they will work out over twenty-five years.

As regards a comparison with wartime housing scheme, I would like to emphasize that wartime housing is not subsidized, and that all veterans forced to buy their homes under the wartime housing scheme find it more expensive, and this proposal should be considered in the light of the situation that wartime housing is not a subsidized scheme.

The WITNESS: There is a good deal of indirect subsidy in the wartime housing scheme in that the corporation concerned supplies the land at no charge and pays water and sewer services necessary and also undertakes to accept a small annual fixed payment in lieu of normal taxes. To that extent there is a subsidy, whether it is being paid by the dominion treasury or contributed by the municipality.

Mr. BROOKS: Do they purchase their material at a lower rate?

THE WITNESS: Generally that is true, sir. Wartime housing, I understand, purchases more or less direct from manufacturers in large quantities.

MR. FULTON: What Mr. Murchison has said is true. There is an element of subsidy, but the object is entirely different. Wartime housing scheme does not contemplate the veteran's ownership of the house at the end of the rental period. The municipality or the veteran may buy the house; but it is not a scheme designed to give ownership at the end of a certain period. Possibly wartime housing should be subsidized on the same basis as the Veterans' Land Act. The only solution may be to introduce a general housing scheme which would be a subsidized scheme. Most of the reports on the housing problem seem to indicate that. But we are dealing with the Veterans' Land Act which is a subsidized scheme, and I am suggesting that the same conditions be extended to veterans who have to buy houses for over \$6,000 as to those who buy houses at \$6,000 or less.

Now I think Mr. Murchison's argument is to this general effect, that it would be unfair to extend the subsidy as it is contemplated in the proposed resolution because it would make such a great difference between the costs to the veteran who takes the benefit of the Veterans' Land Act and the cost to those veterans who are not able to come under the small holdings scheme of the Veterans' Land Act. That is dealt with in part by the remark that this is a subsidized scheme. However, I should like to point out that I think there is a certain amount of inconsistency in his argument. First he gave us figures which, as he presented them, would tend to establish the fact that there would be very little difference between my scheme and what is now proposed under P.C. 1278—the difference would be \$1.13 and \$1.76 a month. In any case, therefore, it would not make much difference. Then he went on a little later to say that really it would be very unfair to adopt this suggestion because it would make such a large discrimination between the two classes of veterans. I am not going to say anything about whether I resent the suggestion of unfairness; I realize one lays oneself open to those things when making proposals; but there is an inconsistency there, because it cannot be both ways. However, I do not think there is any point in making a long speech, but I shall just go over the ground briefly again. This is already a subsidized scheme, and I am trying to suggest a method by which veterans who are forced to take houses costing over \$6,000 under this scheme will get the same proportion of subsidy as those who take houses under \$6,000.

MR. QUELCH: Do you mean that that would apply only to those buying houses costing over \$6,000? Would the 25 per cent apply to the \$1,400?

MR. FULTON: At present the \$1,400 represents a subsidy of $23\frac{1}{3}$ per cent on cost up to \$6,000. The figure in my draft resolution is 25 per cent. After reviewing certain suggestions of Mr. Murchison I found that 33 per cent, which I used before, was inaccurate. Mr. Murchison says now that the actual subsidy works out at $23\frac{1}{3}$ per cent.

THE WITNESS: Land and buildings.

MR. FULTON: I will amend this resolution, if that is in order, to read $23\frac{1}{3}$ per cent. I therefore move that:—

This committee recommends that the Veterans' Land Act, 1942, be amended to provide that the total cost of all homes over \$6,000 presently constructed or in actual process of construction under the small holdings scheme be subsidized $23\frac{1}{3}$ per cent.

That would work out like this: take a home costing \$7,000, instead of a write-off of \$1,400, which is the maximum now, and leaving the veteran to absorb—either by cash payment or payment over the years the extra \$1,000—you write off $23\frac{1}{3}$ per cent of \$7,000 and make actually the same form of contract as is

now contemplated. One thousand four hundred dollars is $23\frac{1}{3}$ per cent of \$6,000 and instead of the veteran having to bear the extra \$1,000, under my scheme they are allowed to write off $23\frac{1}{3}$ per cent, which is the same proportion.

Mr. CRICKSHANK: Does that mean that if a house costs \$6,500 the man would get an additional grant of $23\frac{1}{3}$ per cent of the \$500?

Mr. FULTON: That is correct. I might point out that even under the new order in council Mr. Murchison gave the figure of adjusted costs as \$6,500 and \$7,000; I am informed that the houses may cost up to \$7,500.

Mr. WRIGHT: Would your amendment cover a veteran who wanted to construct a \$20,000 home?

Mr. FULTON: That is taken care of by the words "presently constructed or in actual process of construction." I said at an earlier meeting that I did not think it fair to open the door to that sort of thing, and there are going to be no fixed cost plus contracts in the future. The veteran will go with his own design and submit it for approval. If he is going to pay \$20,000 I imagine the plan will be turned down.

The CHAIRMAN: All those in favour of Mr. Fulton's amendment raise their hands.

Carried.

Do you want this reported to the House or embodied in the amendment?

Mr. FULTON: I think it should be reported.

Mr. BROOKS: Would it not be both?

The CHAIRMAN: The last time it caused quite a bit of controversy. It is a substantial amendment to the Act.

Mr. FULTON: I think it should be reported to the House. I understand that at the last meeting it was intimated that it might not be accepted by the government. The procedure will be, of course, that we are not free to move such bill in the House because it might involve the expenditure of public funds, but I think the matter should be reported to the House and possibly if the Government does not act this year, then next year it could be made the basis of a resolution on private members' day. If we do not have it reported as the opinion of this committee it is not going to be possible to have anything done about it.

Mr. BROOKS: If it is not incorporated in the Act, it does not reach the House at all, does it?

The CHAIRMAN: I may say that it is a substantial change in the Act, and so many protests are being received now: the people getting the \$400 re-establishment credit and the people under this Act are getting so much more than these other people that I do not think the government will accept it. The question is whether you want it reported to the House before the government has actually expressed an opinion?

Mr. GREEN: On that point, I do not think it is a very sound proposition that a committee cannot report anything to the House unless it has the government's approval. That strikes right at the root of the work of this committee. The committee has voted in favour of this resolution today; members from all parties have voted in favour of it; it has been carried, and I submit that it is entirely wrong to adopt the practice of waiting until we see whether or not the government will approve of the motion of the committee before we make a report to the House. I think the report should be made to the House in the ordinary course. This is a matter that is urgent, and great interest is being taken in it across the country at this time; therefore I think the report of the committee should go into the House.

MR. HERRIDGE: I will tell you why I voted against the motion. I am quite in sympathy with the spirit of the motion as it is concerned with houses that are being constructed, but I voted against the motion because I think it is unsound in principle. You may have a man going to buy a farm under the Veterans' Land Act and because his farm costs \$7,000 or \$8,000 instead of \$6,000 he will say that he should get the write-off.

THE CHAIRMAN: This is a point of whether the committee wants to recommend something without knowing whether the government is satisfied or not. We followed that policy in the case of the Pension Act and discussed the matter with the minister before we actually reported to the House. However, this is a matter for the committee to decide.

MR. FULTON: I move that it be reported to the House.

THE CHAIRMAN: You have heard Mr. Fulton's motion; all those in favour of the motion indicate. Mr. Fulton's suggestion is that the amendment be reported to the House. The other way of doing it would be to have the minister say whether the government accepts it or not. It might be embodied in a bill, of course, if the government accepted it. I take it it is the desire of Mr. Fulton to have it reported to the House.

MR. FULTON: Yes.

THE CHAIRMAN: Now, we have passed this resolution recommending that this be done.

MR. QUELCH: We have no power to actually amend the Act.

THE CHAIRMAN: No. It applies to small holdings, and not at all to farming.

MR. CROLL: This is a money bill, and there will be a field day in the House. I voted for it because I believe in it, but I think something ought to be done first. Nothing is going to be gained by taking this matter up on the floor of the House and start raking one another up and down. That is a popular business, but it seems to me that a certain amount of common sense is necessary, and I believe we should consult the minister before we go further. If he is opposed to it, then we can consider what we will do. I do not think we need rush when we are trying to get something done. With that in view we voted for it and we indicated where we stand. Let us hear what the minister has to say before we take other action.

MR. GREEN: Mr. Croll is not right in saying that this is being reported to the House for the purpose of having a field day. We are asking that this be reported to the House because that is the proper procedure. When this committee takes a stand the committee's stand should be reported to the House. There is no such thing as waiting for the minister to say whether or not he approves.

MR. CROLL: We have followed that practice.

MR. GREEN: Only in one case did we do that, and we were wrong in doing that.

MR. CROLL: We are now correcting ourselves.

MR. GREEN: Here is a case where the majority of the committee have passed a resolution, and the proper thing to do is to have it reported to the House. To take no action is simply stultifying the work of the committee.

MR. FULTON: I support what Mr. Green has said. But in view of the fact that members of all parties have voted for this resolution, I do not want to seem to be bulldozing it into the House against objections, but I do not see how Mr. Croll's fears could be realized. As I understand, if we report this to the House there could not be any debate on it unless the government submitted a resolution either for or against. So far reports have been received but no time has been available, or there has been no opportunity, as far as I know, to debate them. If there were a real danger of what you foresee I would think very carefully before pressing my motion any further.

Mr. MUTCH: If the report of the committee is moved in the House then it is open to discussion. If the decision of a committee on a certain day is not concurred in by a member who takes strong exception to it he has no alternative but to speak in the House.

Mr. FULTON: The only way that this matter could be opened up to debate is by someone refusing to accept it.

Mr. MUTCH: Or by somebody moving the adoption of the committee's report. Unless the whole committee wishes to be bound by the decision, then of course, you get a debate on the subject.

Mr. FULTON: Only if somebody moved that the report be not concurred in.

Mr. MUTCH: That would precipitate a debate. Any member of the committee can move the adoption of the report.

Mr. QUELCH: These reports are merely presented to the House; they do not move concurrence.

The CHAIRMAN: I have not been moving concurrence in the House of Commons.

Mr. QUELCH: There will be no debate on the report.

Mr. CRUICKSHANK: We do not want to start in a day to day waste of time, just sitting back—Cruikshank does not like to sit back—and talk about the A.R.P. and the firefighters having two days and somebody else having two days. If we are going to have a debate on this we are going to have a debate on the firefighters which will last until the end of September.

Mr. FULTON: Just make it a report as you have done with past records; there will be no debate.

Mr. BROOKS: There must be some definite procedure that we should follow. Are we to say in this committee that only what the government approves of is to be reported to the House, and what we approve of as a whole in the committee is not to be reported? I would like to hear some definite ruling on general procedure.

The CHAIRMAN: I thought it was very clear to the committee that we had been considering actual proposed bills; our suggestions have been in the form of proposed bills and amendments to existing bills. Now, this is a new suggestion that we recommend, as I take it, that the government bring in—I take it there is action desired in the matter—a bill amending the Veterans' Land Act to provide for these things. That is a new proposal. I am not opposed to it if the committee wants this brought into the House; and if the government decides it will do something or if it decides it will not we are through with it. As far as I am concerned, it does not matter how this is done; it is a matter for the committee to decide. But we are taking a different line than we have heretofore. We have tried to come to some understanding and report something in the form of proposed legislation. Now we are recommending that the government bring in an amendment to the Act to this effect, and it is for the committee to say which course they wish to follow in this particular case. The amendment is that the committee recommend that the government bring in legislation providing for this.

Mr. MUTCH: There may come a time in the discussions of this committee—I do not know whether it will or not—when the majority of the committee will feel like recommending to the government, for instance, (that the preference which is presently extended to veterans in the Civil Service) will be enlarged to include service in Canada. This may come up. In the event that this committee, in its wisdom or lack of it, should decide to make such a recommendation, that recommendation would go forward, I imagine, in this form. It is not an amendment to legislation—

Mr. GREEN: It would have to be.

Mr. Mutch: It is not an amendment to legislation presently before this committee and therefore is something which we in this committee are not able to amend. We could conceivably make such a recommendation. In the event of us doing that, the method, I think, would be the method suggested here. Personally, I am not in sympathy with this amendment. I did not vote on it because I was called out of the room, but had I been here I would have voted against it, and if Mr. Green moves concurrence I shall debate it in the House or anywhere else at any time. If it is simply a case of saying that the majority of the committee believe that the government ought to introduce such an amendment and they do not do it and that is all, O.K. If the government should attempt to do it I shall not be sympathetic to it and I shall say so in the House.

Mr. GREEN: It is the same procedure that was followed when we recommended that they bring in an order in council to restore the insurance principle; we sent forward a report recommending this action.

Mr. Mutch: In that case we did not do it. Mr. Brooks introduced such a motion and everybody expressed approval of it. Mr. Brooks agreed to let his motion stand.

Mr. GREEN: You will remember that there was a question of bringing in an order in council to restore the insurance principle. The procedure was that we move a recommendation that the principle be restored by order in council and that went into the House as a report. We are asking the same thing with this recommendation.

Mr. Mutch: The only difference is, Mr. Chairman, as I have pointed out, that in that case we favoured the order in council after the minister had already declared that he was going to approve and we were simply facilitating the doing of something.

Mr. FULTON: The thing I am anxious to avoid is what happened recently when this committee reversed a previous vote. I do not wish to make any comment about the procedure on that occasion, but the effect was that we spent some three weeks considering the Pension Act—some members were working hard to get some things recommended—and then in two days it was all undone by being re-opened. These things have to be recommended to be put into effect, and I think it would be silly to run the same risk by saying that this should be sent to the government for approval or lack of it and have it referred back to have the vote reversed. That is a waste of time. That is why I have recommended that it be reported to the House and that the committee's stand be recorded.

Mr. CRUICKSHANK: Mr. Chairman, did you say that the committee is closing its deliberations on the 29th of July?

The CHAIRMAN: That was the desire of the committee.

Mr. CRUICKSHANK: Do you mean 1946 or 1947?

The CHAIRMAN: The amendment of Mr. Fulton will be as follows, that the committee recommends that the government give consideration to the introduction of this amendment to the Veterans' Land Act to provide for a write-off of 23½ per cent, carrying out the suggestion—

Mr. BROOKS: Now, there is a second motion.

The CHAIRMAN: It is that the committee recommend that this report be made to the House.

Mr. HARRIS: Mr. Chairman, I am sorry, but we cannot hear anything over here.

The CHAIRMAN: The suggestion is that we recommend that we make a report to the House recommending that the government give consideration to the

introduction of legislation by an amendment to the Veterans' Land Act providing for a write-off of 23½ per cent of the total cost of small holdings presently constructed or in process of construction.

Mr. CRUICKSHANK: Oh, no; in excess of \$6,000.

The CHAIRMAN: That is what that means.

Mr. CRUICKSHANK: Oh, no.

The CHAIRMAN: May I explain that there is a write-off now up to \$6,000, and this will extend the write-off to all holdings. I hope that is clear to everybody. Now, that is the motion, that we make that recommendation to the House. The motion is that the government give consideration to introducing an amendment to the Veterans' Land Act providing for this write-off. Is that clear?

Carried.

By Mr. Wright:

Q. Before Mr. Murchison leaves, I should like to ask a question with regard to small holdings in the small towns in western Canada. Have you any record of the number of settlers who have been settled under the small holdings scheme in towns, say, under 3,000 population in the three prairie provinces?—A. I am sorry, I have not got that, but I can assure you that the numbers are very very few.

Q. I have not been able to find any and I am just wondering what is the reason. I know there are applications being made. Just why are these not being proceeded with?—A. One of the greatest difficulties is the almost complete lack of building materials in the lumber yards in small centres throughout western Canada. There is a very serious lack of building materials in any of the lumber yards throughout the west. There is great difficulty at the present time in organizing the distribution of supplies to the smaller centres in order to meet their limited local needs.

Q. I quite realize that is the case in the great majority of the districts, but in my district in particular, where lumbering is being carried on, there is some material available there for construction and they apparently have been unable to get any in connection with the small holdings. I was wondering if you could look into that situation in districts where material is available, so that they could proceed with some of the small holdings. I have one other question, and I have had a number of enquiries about this matter. The question is asked if the amount of land could be reduced below the half-acre which is the requirement at the present time, I believe. There are a number in these small towns who could obtain two or three lots which would not make up half an acre, and they could get an agreement with the town with regard to taxation; but under the Act as it stands at the present time the area must be half an acre. Is there any chance of that being changed where agreements can be made with the town with respect to taxation?—A. I may say, Mr. Chairman, that there has been no change contemplated in that minimum of half an acre as the unit size of land. We are under constant pressure in many places throughout Canada to do the very thing Mr. Wright suggests. The difficulty is that if you give way below a half acre, the next thing you know you are down to an ordinary 40-foot lot and we are squarely into urban housing. That is not the purpose of this legislation. I agree thoroughly, and I have recognized this for a long time, that in the smaller towns and villages there are many opportunities to acquire existing homes with less than half an acre, at considerably less cost than would be the case if we acquired half an acre of land and built a new house. On the other hand, the difficulty confronting the administration is in holding some line which will at least give token expression to the idea of the Veterans' Land Act rather than

going directly under urban housing. We have that pressure all over, gentlemen; and tracing it down, many veterans freely admit they are not interested in half an acre of land or 2 acres or 5 acres or 10 acres. They are interested purely in a house and even a 25-foot or 30-foot lot; that suits them very well. But that is not the field this Act was intended to cover. While we must go down to half an acre here and there where land is very scarce or very highly priced, the administration would greatly prefer—and I think veterans concerned would be well advised to look for it—something larger than that in the way of land, so that there is some anchorage there, some asset that will be valuable to them when wage income falters in times of difficulty.

Q. What is the acreage involved in these schemes around Ottawa?—A. Half an acre.

MR. CRUICKSHANK: Mr. Chairman, may I ask a question of Mr. Murchison in regard to small holdings? The other day I brought up a question with regard to the Jap farms. I should like to know what the situation is now. A return was brought down that such were available. But no later than this morning my information is—whether it is correct or not I do not know—that the veterans in Fraser Valley cannot get these Jap farms. I want to know why. I can understand it where there has been a shortage of surveyors or a shortage of inspectors or something of that kind. But the administration of the Veterans' Land Act knows about these farms.

THE WITNESS: I might say that I am asking for a complete report on the whole situation regarding the disposition of these Japanese lands, and as to why there is delay.

MR. CRUICKSHANK: And why there is delay?

THE WITNESS: Yes.

By Mr. Green:

Q. Has there been any policy of holding them rather than selling them?—

A. The only policy we have followed in that regard is that we held them, first, for veterans with overseas service and secondly, preferably for veterans who derived from the Fraser Valley.

Q. There is no other reason for holding them?—A. No. There are some reasons such as temporary difficulty in getting possession in cases where these lands are being operated by tenants on a month to month basis. We have encountered some difficulty with the operation of the rental control regulations in getting possession of some of these properties. But I am just as anxious as Mr. Cruickshank or anyone else to see these Japanese lands move as quickly as possible into the possession of qualified veterans, and I am asking for a full report. As a matter of fact, I have asked for it. I have not got the report yet.

By Mr. Cruickshank:

Q. As a point of information, does your department pay municipal taxes on those?—A. Oh, yes.

By Mr. Green:

Q. Some weeks ago we had a discussion in the committee with regard to the failure of the dominion and the British Columbia governments to reach an agreement on the large area of land which they had reserved for soldier settlers. Recently there have been press despatches to the effect that an agreement has been reached. Could you give us the details of that agreement?—A. I have not got that before me; but speaking from memory, the agreement which was sent to the province of British Columbia for signature substantially met every objection which they had up to that point expressed with regard to the basis of using

their provincial lands. The province wished to avoid any direct representation on advisory committees for the selection of veterans or the approval of any parcel of land for the settlement of a veteran. We have met them on that.

Q. They did not want any responsibility?—A. They did not want any responsibility. We have met them on that with the understanding that when a veteran makes an application for an available parcel of provincial Crown land, our committees will review it; and if both man and land are reasonably satisfactory, we thereupon will requisition on the province for a conveyance covering the land upon which he is being established. They have undertaken to do that up to, I think it is, not more than 160 acres, on behalf of any one veteran. That puts the administration in control of title, in control of the grant and right in charge of the administration from the start.

Q. Can any veteran qualify or does he have to live in British Columbia?—A. They have changed their legislation to authorize veterans from all over Canada to participate.

By Mr. Cruickshank:

Q. As I read the press report, it said that the Veterans' Land Act administration was assuming all responsibility. For the sake of the record, does that mean that the federal department and the Veterans' Land Act administration provide roads, schools and facilities?—A. No.

Q. There should be no misunderstanding about that, because that government we have in British Columbia are quite willing to pass the buck to this outfit over here. I think it is important, when the British Columbia press carry a report that the federal government is assuming all responsibility, that the facts should be clear. Mr. Fulton and I have been worrying about the same thing. The veteran unquestionably thought he was going to get a house for \$6,000. Rightly or wrongly, he thought he was going to get a small holding house for \$6,000. Now we do not want these veterans from all across Canada coming out and settling in the province of British Columbia, in the northern areas where there are no roads, no schools or facilities, and then saying, "Here, this committee and this government fell down. They said they would provide these things." I want it definitely clear that we are not assuming that responsibility, and that that is still a provincial responsibility.

The WITNESS: I can assure you of this. As far as the director is concerned, he does not propose to approve a grant for the establishment of a veteran on provincial land that does not provide some reasonable opportunity for successful establishment. The matter of roads and school facilities are certainly factors which would have to be taken into account in that regard.

By Mr. Cruickshank:

Q. And in so far as your department is concerned, which represents the government, you assume no responsibility for roads or schools?—A. We have no statutory powers to do that.

Q. That is all right. I want that on the record so that it will not be thrown back. Because unquestionably that press report—I think Mr. Green read it—, or one of the press reports, said that the federal government was going to assume the responsibility, quoting Hon. E. J. Kenney.

Mr. GREEN: It says, "Ottawa will assume full responsibility for areas settled under the agreement."

Mr. CRUICKSHANK: Yes. I want to make the position perfectly clear.

The WITNESS: I think just as soon as the province of British Columbia has returned the formal agreement properly signed and it has been submitted to the

Governor General with the recommendation to my minister, that will be the time to produce a copy of that agreement to this committee, and the terms of that agreement will speak for themselves.

By Mr. Green:

Q. Is there any provision made for co-operative clearing as between the two governments?—A. No.

Q. I mean, clearing of the land.—A. No.

By Mr. Mutch:

Q. The land has got to be made acceptable to you or you do not deal?—A. That is right.

By Mr. Brooks:

Q. Has any province in Canada other than British Columbia settled men on this scheme?—A. As a matter of fact, British Columbia is one of the provinces in Canada which thus far has not settled any men under this scheme. They are settling them in Alberta, Saskatchewan and Manitoba.

Mr. BROOKS: You would not know it from this discussion.

By Mr. Green:

Q. Which provincial governments have any agreements with the dominion?—A. I am taking this newspaper despatch as reliable, that the province of British Columbia has agreed to complete the agreement. Thus far it has not been received in Ottawa. Alberta has an agreement in operation. Saskatchewan has an agreement in operation. There is an agreement in operation in Manitoba. An agreement was reached with Ontario a short time ago; just last week the administrative details were worked out with the provincial officers at Queen's Park. An agreement has been reached with the province of New Brunswick. We expect to have those administrative details worked out very shortly. And I feel we have reached an agreement in principle with the province of Quebec. We are merely waiting for their completion of the formal agreement which I submitted last week.

By Mr. Cruickshank:

Q. Are those provinces donating the land as British Columbia is?—A. That is right, in British Columbia.

Q. Oh, no. I say are those other provinces donating the land as British Columbia is? British Columbia is giving this land as a gift. Are those other provinces, Saskatchewan and Alberta, doing that?—A. Not in Manitoba.

Q. That is very important for the record.

Mr. MUTCH: Who is going to read this record?

By Mr. Brooks:

Q. May I revert to another matter? I wonder if I could ask Mr. Murchison a question in connection with the small holdings. When a veteran takes this half acre of land or an acre, does he have to satisfy your department at that time that he is going to utilize the land for gardening, or fruit growing, or raising chickens? Or is there any obligation placed on him at all to use it for any other purpose than just building a house?—A. Yes. We want reasonable assurance that the man will in fact make successful use of that land.

Q. The point is that these lands may just develop into building lots in the end.—A. It is a little hard to assess that situation at the moment, in

times when employment is plentiful and income is high. The test of these things will more probably arise when the wage income is not as good as it is at the present time and some of the boys will probably have to make considerable use of this land in order to supplement their limited earnings.

Q. I could see the difficulty where one man had half an acre and used it only as a building lot with this assistance and another man alongside of him with under half an acre applied and could not get it and still the two of them were just used for building lots.—A. That is the difficulty of going into small villages or towns and going below the half-acre.

The CHAIRMAN: Are there any other questions?

Mr. LENNARD: I am not so sure that the matter I intend to bring up is concerned directly with Mr. Murchison, but the common complaint I get from the veterans with regard to small holdings in my district, or many of them, is that they contract with an independent contractor to build their homes and they have practically no priority. I am speaking of the Hamilton area. There are three or four large contractors there who grab everything and the small builder has no chance to complete the homes for those veterans on small holdings. They cannot get the plumbing equipment and different things. It is held up for months. I know of one project, a rather large project in the Hamilton area, where the bathtubs and bowls were frozen in the ground nearly all winter. They had equipment on the job months before they needed it and yet these independent fellows, on small holdings for veterans, cannot get anywhere.

Mr. WRIGHT: I should like to point out something along the same lines. Mr. Murchison stated that building material was not available in the small lumber yards in western Canada. There is scarcely a small town in western Canada in which there are not two, three or half a dozen homes being built by persons other than veterans. The veterans there certainly have a just complaint when they find that the Veterans' Land Act people say they have no material available, but already there are other homes being built. I think that something should be done to make material available in those places for veterans under the small holdings scheme. You cannot go into a town in our section of the country in which there is not construction going on, and yet apparently a veteran cannot get started. Certainly he is not in the preferred position that he should be in.

Mr. ROSS: I want to support what has been said by these two gentlemen who have just spoken. The same is true in every town and village throughout the province of Manitoba. An individual there just simply cannot get material, or make plans to build at all. The whole thing is probably a matter of priorities for those settlers where they are building. I am sorry I missed the discussion on this matter. But in the last few days I had a chance to inspect one of the centralized set-ups in the province of Manitoba where there are some 90 units. In going out among those people, the one thing that struck me more than another was this. It bears out the fact that it could, happen even in these good times; and I think conditions are very good to-day compared with what they may be some time in the future. In this one settlement of 90 acres, you have 90 very disgruntled, dissatisfied settlers and their families on the small holdings. That is in good times. I am sorry to report that, but it is what a number of us predicted last year about the centralization of these small holdings. One of the chaps gave me a copy of the letter which he had from one of your administrative officers pointing out that these homes had already cost from \$5,900 to \$7,000. These were 4-room and 5-room units. Something was said about the rental. These chaps are now paying \$25 a month for a 4-room unit and \$30 for a 5-room unit. In this letter they point out that during the period of temporary lease, the rent may be raised \$5 to \$10 a month to take

care of the cost of insurance, taxes and other incidentals. I am extremely sorry to find what I have found in that settlement, that there should be 90 people with these radical views that they hold today. They want to get as far from our present set-up as they can. Just what some of us pointed out last year might take place if we went through a difficult period has taken place by the centralization of these veterans. I could say a lot more about this particular set-up, but I understand it has been pretty well discussed. Until I read the record I do not want to say any more at this particular time. But I should like to stress this point. As for these individual settlers, there should be some provision made for them because they want to stay where they have a good job in a small town or village and they just cannot procure a home there at all. They should not be forced to leave these places and go to a large city or town in order to find a home, when they are well employed where they are, and would stay if some provision could be made to establish them in a home.

The WITNESS: May I make one statement on that which may be of some assurance to the members who have mentioned small holdings. In the smaller centres or close to the smaller centres the housing committee, of which I am a member and have been a member for this past year, has been giving constant study to the very problem as to how materials can be organized for distribution to these smaller centres to give expression to this very idea. There are great difficulties in exercising priorities on individual units or small job projects over a very wide area. Any solution to that, in my opinion, must be largely found in prefabricated methods whereby complete housing units may be ordered and shipped complete to those smaller centres. I think we have that moving along lines now that are going to produce some results. The strikes which have occurred have hampered us very considerably on those lines, but we are still working seriously toward the end of providing housing on small holdings in those smaller centres. We should like to see it developed to the maximum extent. I can assure you we have had priority and many material difficulties in connection with it.

Mr. LENNARD: I might say that my complaint was in connection with an area that is not a small area. It is the Hamilton area. One veteran has a small holding which is within 200 or 300 yards perhaps of a project but does not happen to be in that large project; and because an individual contractor is attempting to build his home, he is getting nowhere. It is not an isolated area. It is within a few hundred yards of one of these projects that is being erected in the vicinity of Hamilton, or several miles out of Hamilton.

The CHAIRMAN: Are there any other questions now, while we are on this matter?

Mr. WRIGHT: Will we have an opportunity later of discussing the matter of the use of the \$2,320 cooperatively for the purpose of equipment on farms under the Veterans' Land Act?

The CHAIRMAN: I have been discussing it with various people, including the director, and I hope he will be in a position to make a statement on the matter on Thursday next after Mr. Howe is through with his statement and we get through with the War Assets feature of it. I am hoping that we can have a statement that will decide the thing one way or another, whether we will go into it any further or not.

Mr. Mutch: We have already decided that.

The CHAIRMAN: Well, perhaps I should just say on that point that one of the things that has brought it up again has been the suggestion of the minister of the Saskatchewan government that the Saskatchewan government was ready in some way to guarantee the position of the individual veteran if he took up land under a cooperative scheme under the Veterans' Land Act, if we

authorized it. Nothing was said about that when he was here. Mr. Wright has been in touch with him and the whole matter is being discussed. It may be that the committee might care to reconsider it. It will be a matter which we could bring up on Thursday and decide.

Mr. Mutch: You had better leave it until you get your other 11 bills through.

Mr. Ross: Leave it until when, Mr. Mutch?

Mr. Mutch: Until we get the other 11 bills through.

The CHAIRMAN: We can decide at that time on Thursday whether or not we will reopen it, in the light of what we know then. I think we will then be in a better position to know how everybody stands on the matter. Is that satisfactory, Mr. Wright?

Mr. Wright: Yes, as long as I know the matter is being raised again.

The CHAIRMAN: As you know, there is a meeting in this room to-morrow, gentlemen, to hear Rt. Hon. Anthony Eden; so I suppose we shall have to adjourn until Thursday next.

The committee adjourned at 12.30 p.m. to meet again on Thursday, June 27, at 11 a.m.

APPENDIX A

VETERANS' LAND ACT—SMALL HOLDINGS

Location	No. of Units	Range in Sale Price to Veteran After Deducting Down Payment and Contingent Grant				Average Monthly Payment (25-Year Contract)
		Under \$4,500	\$4,501 to \$5,000	\$5,001 to \$5,500	Over \$5,500	
<i>British Columbia:</i>						\$ c.
Kelowna.....	30	17	6	5	2	23.10
Kamloops.....	30	19	3	6	2	23.20
Vernon.....	20	13	6	1	—	21.20
Powell River.....	19	15	4	—	—	21.55
<i>Saskatchewan:</i>						
Prince Albert.....	15	8	7	—	—	22.67
Saskatoon.....	25	25	—	—	—	20.42
Regina.....	25	13	12	—	—	21.80
Moose Jaw.....	15	8	7	—	—	21.94
<i>Ontario:</i>						
Ottawa.....	100	15	9	76	—	26.14
Sarnia.....	8	—	—	2	6	28.85
Chatham.....	8	—	3	3	2	26.21
Sudbury.....	10	2	4	3	1	24.36
Windsor.....	100	29	21	44	6	24.30
Hamilton.....	190	29	76	70	15	24.51
Barrie.....	8	2	6	—	—	23.48
Sault Ste. Marie.....	30	—	21	9	—	24.73
Brantford.....	25	5	3	13	4	25.69
Bowmanville.....	4	4	—	—	—	21.09
Toronto—Street.....	90	—	22	68	—	25.78
—Riseborough.....	30	4	9	17	—	25.07
Niagara.....	10	8	—	2	—	20.85
<i>Quebec:</i>						
Hull.....	40	10	6	4	20	26.44
Sherbrooke.....	12	1	1	6	4	26.89
<i>New Brunswick:</i>						
Moncton.....	20	20	—	—	—	18.75
Bathurst.....	5	1	4	—	—	22.71
St. Stephen.....	10	10	—	—	—	19.42
Edmundston.....	10	2	8	—	—	23.54
Woodstock.....	5	1	4	—	—	23.31
Campbellton.....	5	1	4	—	—	22.65
<i>Nova Scotia:</i>						
Kentville.....	5	1	4	—	—	22.57
Middleton.....	5	3	2	—	—	21.44
	909	266	252	329	62	
		29%	28%	36%	7%	

APPENDIX "B"

VETERANS' LAND ACT—COST PLUS FIXED FEE CONTRACTS

Location	Contractors	No. of Units (approx.)	Fixed Fee	Plant Equip. Fee
			\$ cts.	\$ cts. Lump sum
B.C. (New Westminster)..	Bennett & White Co.....	10	250/Unit	585.00
B.C.....	Bennett & White Co.....	590	180.00	65.00
Alta—Edmonton.....	Western Construction & Lumber Co. Ltd.....	120	200.00	75.00
Sask.—Saskatoon.....	C. M. Miners Constr. Co.....	25	250.00	65.00
Regina.....	Hilsden and Smith.....	25	250.00	65.00
Moose Jaw.....	Hilsden and Smith.....	15	250.00	65.00
Prince Albert.....	W. I. Dier.....	15	250.00	65.00
Man.—Winnipeg.....	Bird Construction Co.....	245	210.00	—
Ont.—Toronto.....	Hill-Clark-Francis Ltd.....	140	220.00	60.00
London.....	Hill-Clark-Francis Ltd.....	100	220.00	60.00
Various centres.....	Hill-Clark-Francis Ltd.....	160	220.00	60.00
Ottawa.....	Hill-Clark-Francis Ltd.....	100	220.00	60.00
Toronto.....	Frontenac Construction Co.....	106	190.00	60.00
Various centres.....	Frontenac Construction Co.....	78	250.00	60.00
Toronto.....	Maguire Contracting Co.....	124	190.00	50.00
Toronto.....	John S. Laxton & Sons Ltd.....	30	225.00	50.00
Hamilton.....	W. H. Yates Construction Co.....	190	135.00	90.00
Windsor.....	Ryan Home Builders Limited.....	100	180.00	55.00
Chatham.....	Ryan Home Builders Limited.....	8	180.00	55.00
Sarnia.....	Ryan Home Builders Limited.....	8	180.00	55.00
Sault Ste. Marie.....	George V. Hannah.....	30	200.00	50.00
Que.—Hull.....	Hill-Clark-Francis Ltd.....	40	220.00	60.00
Sherbrooke.....	J. R. Royer.....	30	175.00	65.00
Boucherville.....	O. Boisvert.....	17	175.00	70.00
Pte. Claire.....	L. G. Ogilvie Co. Ltd.....	100	190.00	60.00
New Brunswick.....	J. and D. A. Harquail Co.....	145	220.00	60.00
	Average:		209.00	61.50

APPENDIX C

VETERANS' LAND ACT. SMALL HOLDINGS

PROJECT OVERHEAD

Project overhead includes the following items:

Temporary Buildings—Contractors fees salaries of staff located on the project including superintendents, salaried foremen, accountants, bookkeepers, stenographers, timekeepers, material checkers, first aid attendant, watchmen, and water boys.

Miscellaneous expenses incurred at headquarters in direct relation to the project include travelling expenses, telegrams, and telephone calls.

B. C. HUMPHREYS.

The following is a breakdown of overhead costs on three projects in British Columbia:

TENTATIVE FINAL COSTS FOR OVERHEAD ON DIVISION III
(FRASER VALLEY)

CHILLIWACK

Description	Detailed Total Costs	Total Cost	Detailed Average Cost	Average Cost
	\$ c.	\$ c.	\$ c.	\$ c.
<i>Job Office Costs at Chilliwack—</i>				
Overhead Wages.....	10,259.54	—	—	—
Temporary Buildings.....	3,295.54	—	—	—
Total Job Office Costs.....	—	13,555.08	—	301.22
<i>Headquarters Costs at Eburne—</i>				
Overhead Wages.....	2,886.75	—	64.15	—
Temporary Buildings.....	351.00	—	7.80	—
Miscellaneous Expenses.....	587.25	—	13.05	—
Total Headquarters Costs.....	—	3,825.00	—	85.00
Fees.....	11,025.00	11,025.00	—	245.00
Total Overhead.....	28,405.08	28,405.08	—	631.22

HANEY

<i>Job Office Costs at Haney—</i>				
Overhead Wages.....	8,119.37	—	—	—
Temporary Buildings.....	1,118.40	—	—	—
Total Job Office Costs.....	—	9,237.77	—	461.89
<i>Headquarters Costs at Eburne—</i>				
Overhead Wages.....	1,283.00	—	64.15	—
Temporary Buildings.....	156.00	—	7.80	—
Miscellaneous Expenses.....	261.00	—	13.05	—
Total Headquarters Costs.....	—	1,700.00	—	85.00
Fees.....	4,900.00	4,900.00	—	245.00
Total Overhead.....	15,837.77	15,837.77	—	791.89

SPECIAL COMMITTEE

TENTATIVE FINAL COSTS FOR OVERHEAD ON DIVISION III
(FRASER VALLEY)—*Continued*

MISSION

Description	Detailed Total Costs	Total Cost	Detailed Average Cost	Average Cost
	\$ c.	\$ c.	\$ c.	\$ c.
<i>Job Office Costs at Mission—</i>				
Overhead Wages.....	6,559.61	—	—	—
Temporary Buildings.....	1,038.50	—	—	—
Total Job Office Costs.....	—	7,598.11	—	303.92
<i>Headquarters Costs at Eburne—</i>				
Overhead Wages.....	1,603.75	—	64.15	—
Temporary Buildings.....	195.00	—	7.80	—
Miscellaneous Expenses.....	326.25	—	13.05	—
Total Headquarters Costs.....	—	2,125.00	—	85.00
Fees.....	6,125.00	6,125.00	—	245.00
Total Overhead.....	15,848.11	15,848.11	—	633.92

Overhead wages include superintendents, salaried foremen, accountants, bookkeepers, stenographers, timekeepers, material checkers, First Aid attendants, watchmen, and water boys.

Headquarters miscellaneous expenses include travelling expenses, telegrams and telephone calls.

APPENDIX D

VETERANS' LAND ACT ONTARIO 1

This Agreement made in duplicate this 27th day of July, A.D. 1945

BETWEEN:

Hill-Clark-Francis, Limited,
of New Liskeard, in the
Province of Ontario

(Hereinafter called the Contractor)

OF THE FIRST PART

AND:

The Director, The Veterans' Land Act

(Hereinafter called the Director)

OF THE SECOND PART

Witnesseth that it is agreed by and between the parties hereto as follows:

Section 1—*Contract and Interpretation*

(a) The contract consists of the following:

- (i) this agreement;
- (ii) the general conditions of the Director's Building Construction program;
- (iii) the definition of "cost of work" attached hereto and marked "Schedule A";
- (iv) all plans, drawings, specifications or other documents or exhibits attached hereto or otherwise identified by the parties hereto or referred to herein as being a part hereof;

all of which shall be applicable to and shall form part of this contract and be binding upon the parties hereto as fully and to the same extent as if set out or incorporated herein.

(b) This contract shall be identified by the symbols "V.L.A. Ontario 1".

(c) In this contract, unless the context otherwise requires, "Inspector" shall mean the District Construction Supervisor of the Director at his office in Toronto, or any other persons duly authorized by the Director.

Section 2—*Subject Matter*

The contractor covenants and agrees:

(a) To construct and erect on the several parcels of land belonging to the Director at or near the cities or towns in the Provinces of Quebec and Ontario as shown on the plans of subdivision prepared for the Director and referred to in "Schedule B" hereto, the number of houses shown opposite the name of each parcel in the said schedule.

(b) To construct and erect each house in accordance with the plans and the location shown on the said plans of subdivision in the said "Schedule B". Provided that the Director or his Inspector may make any alteration in any plan of subdivision and shall thereupon notify the contractor of such alterations, and the plan of subdivision as altered shall thereupon become part of this contract in lieu of the original plan of sub-division, but such alteration shall not be made in respect of any house upon which construction has commenced.

(c) To construct and erect on the said lands such additional houses under the terms of this contract as may be mutually agreed upon between the Director and the Contractor and set out on a supplementary plan of subdivision which shall thereupon form part of this contract.

(d) To provide all labour, materials, plant and equipment, subject to the terms of this contract, as are required for the proper completion of the work and to perform all the work of and incidental thereto.

(e) To provide an efficient administration for and to superintend efficiently the work at all times.

(f) To perform and observe all covenants, terms, provisos and conditions contained in this contract on the part of the Contractor to be performed and observed.

(g) To carry out and perform the work with all possible dispatch and to complete the work to the satisfaction of the Director.
All of which is herein referred to as "the work".

Section 3—*Price—Cost Plus Fee*

The director covenants and agrees:

(a) To pay to the Contractor the cost of the work as defined in "Schedule A" hereto attached, which cost as so defined is hereinafter referred to as "The cost of work".

(b) To pay the Contractor a fee of \$220.00 for and in respect of each house to be erected, payable fifty per centum on the certificate of the Inspector that fifty per centum of the work has been completed, twenty-five per centum on completion of an additional twenty-five per centum of the work and the balance within a reasonable time after the work has been completed and has been accepted and passed by the Inspector.

(c) The said fee referred to in subsection (b) hereof shall be deemed to cover the entire profit of the Contractor and the necessary services of all executive officers of the contractor and also all overhead expenses of the Contractor at its general offices and in any regularly established branch office, including but without limiting the generality of the foregoing, the services of the purchasing, accounting, estimating and contract departments of such general offices or branch offices, and the travelling or other expenses incurred by head office employees or member of the contracting company for the purposes of inspecting the work.

Section 4—*Refunds and Trade Discounts*

The Contractor covenants and agrees to take advantage of all refunds, trade and cash discounts, which may be obtained or received in any way by the Contractor in connection with the work. All refunds and trade and cash discounts which may be obtained shall be credited by the Contractor to the Director. Cash discounts, if allowed, for, shall be credited to the Director but only if the Director shall have paid the amount of the invoices allowing such discount to the contractor before the date fixed for payment necessary to obtain such cash discount.

Section 5—*Materials and Equipment Supplies*

The Contractor, subject to the approval of the Inspector shall order all necessary materials from time to time as and when the same shall be required for the work, shall buy at reasonable market prices and shall permit all materials as delivered on the work to be checked as to quantity and quality by the Inspector or his representative. Similarly, the Contractor shall, subject to the approval of the Inspector, in letting sub-contracts, accept the lowest tender in each case, provided he is satisfied as to the

responsibility of the lowest tenderer. The Director reserves the right to supply material or to name the persons, firms or corporations from whom the same shall be purchased and to name the sub-contractors whose tenders shall be accepted. The contractor shall not be liable for the work done or material supplied by any sub-contractor to whom the Contractor objects, in writing before the contract is made, on reasonable grounds as not being responsible. All materials delivered to the contractor for the purpose of the work shall become the property of the Director, but the Contractor shall continue to be responsible therefor. All materials paid for by the Director shall remain his property.

Section 6—*Termination of Contract*

If the Contractor should be adjudged a bankrupt, or if he should make a general assignment for the benefit of his creditors, or if a receiver should be appointed on account of his insolvency, or if, subject to the availability of skilled workmen, he should refuse or fail to supply enough properly skilled workmen or proper materials after having received fourteen days' notice in writing from the Inspector to supply additional workmen or materials, or persistently disregard laws, ordinances or the instructions of the Inspector or otherwise be guilty of a substantial violation of the provisions of the contract, then the Director, upon the Certificate of the Inspector, that sufficient cause exists to justify such action, may, without prejudice to any other right or remedy by giving the Contractor written notice, terminate the employment of the Contractor and take possession of the premises and of all materials, construction equipment, tools and appliances thereon and finish the work by whatever method he may deem expedient.

If the Director terminates the contract under the provisions of this clause, he shall reimburse the Contractor for the balance of all payments made by him plus an amount on account of his fee which bears the same ratio to the said fixed sum as the cost of the work at the time of termination bears to a reasonable estimated cost of the work completed, and the Director shall also pay to the Contractor fair compensation, either by purchase or rental, at the election of the Director, for any equipment retained. In case of such termination of the contract, the Director shall further assume and become liable for all obligations, commitments and unliquidated claims that the Contractor may have theretofore, in good faith, undertaken or incurred in connection with the said work and the Contractor shall, as a condition of receiving the payments mentioned in this clause execute and deliver all such papers and take such steps, including the legal assignment of his contractual rights, as the Director may require for the purpose of fully vesting in him the rights and benefits of the Contractor under such obligations or commitments.

Section 7—*Checking and Auditing*

The Contractor shall check all materials and labour entering into the work and shall keep such full detailed accounts as may be necessary to proper financial management under this contract and shall keep records of the cost of the work in a manner satisfactory to the Inspector or to a Cost Auditor appointed or approved by the Director. The Inspector, the Auditor, and their timekeeper and clerks shall be afforded access to the work and to all the Contractor's books, records, correspondence, instructions, drawings, receipts, vouchers and memoranda relating to this contract and the Contractor shall preserve all such records for a period of time of one year after the final payment hereunder.

Section 8—*Payments*

(a) As promptly as possible after the first and fifteenth day of each month during the prosecution of the work the Contractor shall furnish to the Director a certified statement or progress claim of the cost of the work (determined in accordance with Schedule A) for the preceding period, such statements to be accompanied by two copies of all pay rolls, vouchers, and invoices and such other information as the Director may require, and thereupon, if such statement is satisfactory to the Director, the Contractor will be paid the amount which may be due within ten days after such statement or progress claim has been received by the Director.

(b) Payments shall be made only on the production and delivery by the Contractor to the Director of a certificate in writing signed by the Inspector, and, if required, by the Director, by a Cost Auditor appointed or approved by the Director, certifying the amount to which the Contractor is entitled as aforesaid.

(c) The Contractor shall when making his third and succeeding requisitions for payments, furnish to the Inspector satisfactory evidence supported by an affidavit, in form satisfactory to the Director, that all invoices and accounts, whether for wages, material supplied or otherwise howsoever listed in the second preceding requisition, have been duly paid.

(d) The final payment shall not become due until the Inspector and, if required by the Director, a Cost Auditor appointed or approved by the Director, shall have issued a certificate that such payment is due and the Contractor shall have proof satisfactory to the Director that no lien does or can exist against the work.

Section 9—*Contract not to be assigned*

Neither party to the Contract shall assign the Contract without the written consent of the other.

WHEREVER the singular is used throughout this Agreement the same shall be construed as meaning the plural or body Corporate or politic where the context or the parties hereto so require, and shall include the parties hereto, their and each of their successors and assigns respectively.

IN WITNESS WHEREOF the Contractor has caused to be hereunto affixed its corporate seal under the hands of its proper officers and the Director has caused to be hereunto affixed his corporate seal duly attested the day and year first above written.

HILL-CLARK-FRANCIS, LIMITED

Sgd. C. L. HALE, Sec.

R. F. FRANCIS

The Director, The Veterans' Land Act

Sgd. G. MURCHISON,

Per M. M. Jones.

Sgd. F. J. BROWN

W. K. CHANDLER

SCHEDULE "A"

DEFINITION OF WORK

The "cost of work" shall mean and include the reasonable and proper costs and expenses incurred or paid by the Contractor for the following items:—

(a) The total amount actually and properly payable to sub-contractors in connection with the work.

(b) Wages of workmen and salaries of drivers, office staff, engineers, foremen, watchmen, timekeepers and supervisors.

(c) Cost of materials actually used in the work or required in connection therewith and not included under Section (a) of this Schedule.

(d) Costs actually and properly incurred for inspection, delivery, installation and removal of materials, plant, tools and supplies used in connection with the work, it being understood that minimum transportation rates are to be taken advantage of wherever possible.

(e) Costs of labour and material entering into the construction of sheds, offices and similar structures actually and necessarily required in connection with the work.

(f) Cost of telephone and telegraph charges necessarily incurred in connection with the work.

(g) Cost of all charges for power and water actually and necessarily incurred in connection with the work.

(h) Assessments under any Workmen's Compensation Act, employers' contributions to Unemployment Insurance, premiums in respect of all insurance policies and bonds, if any, called for by the contract or by the Director, vacation credit as required by Federal and Provincial Legislation, and all fees actually and properly paid for building permits.

(i) The sum of \$60 for and in respect of each house erected for equipment supplied by the Contractor including:—

(i) Concrete mixers, wheelbarrows and concrete buggies;

(ii) Concrete runways and scaffolds;

(iii) Small tools such as hammers, wrecking bars, pliers, picks and shovels, etc.;

(iv) Office equipment, including chairs, typewriters, cheque writers, adding machines and stationery;

(v) Electric saws and drills and generating equipment if electric power is not available from an established supply.

provided that the contractor shall maintain and keep in repair all the said equipment at his own expense.

(j) The cost of gasoline, oil and lubricants used in the operation of equipment actually employed on the work.

(k) The rental on a daily basis of a half-ton truck for the use of key-men and transportation around the works when in actual use on the work, provided that all costs of maintenance and repairs shall be borne by the contractor or sub-contractor.

(l) Cost of rental of large power shovels, trac-tractors, and bulldozers, heavy trucks for trucking materials to and from the works at prevailing rates provided that the renting of such equipment and the amount of the rental therefor shall have been approved by the Inspector.

(m) The cost of transportation of workmen beyond the limits established by local labour organizations.

(n) Mileage at the rate of .6 cents per mile for automobiles actually used by job supervisors of the work when and where necessary.

(o) Such other items of cost which have been properly and reasonable incurred by the Contractor solely for the purposes of the work and which have been recommended and approved by the Inspector provided that in addition to any other item which may not be allowed there shall not be allowed as an item of cost any of the following:—

- (i) Allowances for interest on invested capital, bonds, debentures, bank or other loans.
- (ii) Entertainment expenses.
- (iii) Dues and other membership fees or assessments.
- (iv) Donations.
- (v) Losses from sale or exchange of capital assets.
- (vi) Depreciation on buildings, machinery or equipment.
- (vii) Fines and penalties.
- (viii) Amortization of unrealized appreciation of values of assets.
- (ix) Expenses, maintenance and/or depreciation of excess facilities.
- (x) Federal and Provincial income, excess profits or surtaxes.
- (xi) Unreasonable compensation for officers and employees.
- (xii) Legal Fees.
- (xiii) Losses on investments, bad debts and expenses of collection.

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Clerk on, 1946
SESSION 1946

HOUSE OF COMMONS

(SPECIAL COMMITTEE)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 37

THURSDAY, JUNE 27, 1946

WITNESSES:

Right Hon. C. D. Howe, Minister and Mr. G. J. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply;
Mr. W. S. Woods, Deputy Minister of Veterans Affairs;
Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act;
Mr. F. J. G. Garneau, Chairman, War Veterans Allowance Board.

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TUESDAY, June 25, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

NINTH REPORT

Your Committee recommends that the Government give consideration to the introduction of a bill to amend The Veterans' Land Act, 1942, to provide that the total cost of all homes over six thousand dollars presently constructed or in actual process of construction under the Small Holdings Scheme be subsidized twenty-three and one-third per cent.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, June 27, 1946.

The Special Committee on Veterans Affairs met at 11 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Blair, Brooks, Cleaver, Cockeram, Croll, Drope, Gillis, Harris (*Grey-Bruce*), Herridge, Isnor, Jutras, Kidd, Lennard, McKay, Merritt, Moore, Mutch, Pearkes, Quelch, Ross (*Souris*), Tucker, White (*Hastings-Peterborough*), Winkler, Winters, Wright.

In attendance: Right Hon. C. D. Howe, Minister of Reconstruction and Supply; Mr. G. J. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply; Mr. W. S. Woods, Deputy Minister, Department of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans Land Act; Mr. F. J. G. Garneau, O.B.E., Chairman, War Veterans' Allowance Board.

Mr. Howe was called, made a statement in respect to priorities on surplus war material, was questioned thereon and retired.

Mr. Murchison was recalled, made a statement on grants to veteran members of farm co-operatives seeking establishment on provincial lands, and was questioned thereon.

The Chairman reported that the steering committee had been informed that the Hon. Mr. Sturdy, Minister of Reconstruction for the province of Saskatchewan, wished to make further submissions respecting grants to veterans joining farm co-operatives; and recommended that a telegram be sent Mr. Sturdy suggesting that he submit his proposals in writing for study by the committee and decision as to whether he be invited to make oral representations.

On motion of Mr. Croll the report of the steering committee was concurred in.

On motion of Mr. Quelch it was ordered that Mr. Murchison be asked to work out a program under which settlers on privately owned land may pool their twelve hundred dollar grants for the purchase of machinery and equipment, and that this apply to commercial fishermen.

Mr. Murchison retired.

The Committee resumed consideration of a bill respecting allowances for war veterans and dependents.

Mr. Garneau was recalled and answered certain questions put to him at previous meetings respecting Imperial veterans of World War I now resident in Canada.

At 1 o'clock p.m. the Committee adjourned until Friday, June 28, at 11 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

June 27, 1946

The Special Committee on Veterans' Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: We have with us this morning Rt. Hon. C. D. Howe whom the committee wished to hear in regard to the question of priorities in the purchase of assets which are under the control of the War Assets Corporation. As I told the steering committee, Mr. Howe had another very important meeting this morning but he was anxious to appear before this committee and make his statement. I assured him that we would let him away for this other meeting as soon as we possibly could. I will now call on Mr. Howe to make his statement, and I hope we can let him away without too much delay, because we appreciate very much his coming here this morning when there was this other meeting which he really should have been at.

Right Hon. C. D. HOWE: Mr. Chairman, I understood the committee wished to discuss the priorities in the War Assets Corporation. I have no statement to make really, because, quite frankly, there is no direct veterans' priority system established.

We have an arrangement so that priorities for new cars and new trucks are authorized or are given to veterans. The result of that has been that the system has bogged down completely. I think we have something like 30,000 priority certificates out in advance of the number of cars available. Some two months ago the situation got so bad that we had to stop issuing any further priorities in the hope that we could catch up with the outstanding certificates. It is the first occasion that we have not been able to honour any certificates we issued. In trying to meet the wishes of this committee, we have accepted a system that just does not work. There is another thing. We are well aware of the fact that while the priority goes to the veteran, the veteran is able to sell his car to someone else the next day and that is being done on a colossal scale. I could give you instance after instance where a car has been issued on a veteran's priority and turns up in the hands of someone who has not been anywhere near the war, inside of two or three days. In other words, a bona fide sale was not made to the veteran, even although the veteran's priority was used.

In the matter of any materials going into housing, we have an effective priority system. All such material is turned over to Wartime Housing and the salvage material is put directly into veterans' houses either for Wartime Housing or houses built under the Veterans' Land Act. So that is working. The difficulty, generally speaking, is that War Assets Corporation does not handle directly to the consumer the goods that it sells. It works through the ordinary channels of trade. It is disposing of about \$25,000,000 worth of material every month and it never sees that material except as it passes through the distributing agencies. If we were a retail organization it might be possible to set up a system of priorities, even though the difficulty would be tremendous. But since this is only a wholesale organization, we have been unable to think of any system that would be workable in tracing that material through when it gets to the consumer level.

I should be very glad to answer any questions that the committee may have, but I think that in brief is the situation as we see it.

The CHAIRMAN: There has been a suggestion, Mr. Howe, that if your department issued priority certificates in regard to assets which may be going through the hands of War Assets Corporation, you could bring it to the attention of the people who buy from War Assets Corporation that they should honour those priority certificates to the extent that they are able and as they are presented before the goods are disposed of, and that they should bear in mind that in their district there are certain priority certificates outstanding in regard to any particular item of goods that it may be taking on. That is the suggestion, I think, that has been made. What do you think of that idea?

Right Hon. Mr. HOWE: I dislike any system that is not 100 per cent effective. Any system that permits cheating or develops cheating on a scale that is colossal; and as I say, the use of priority certificates on cars has reached a point where the cheating exceeds the sales to legitimate veterans. I think that is the view of our officers who have been administering the system, and I think it would apply to even a greater extent where it passes out of our control. We could not be sure when the dealers ordered that the request would not be ineffective. They have the request to give veterans a preference wherever they are disposing of war assets, but it is not enforceable either on the dealer or on the non-veteran buyer. Therefore I hesitate to be a party to it. I am willing to administer anything that I can make work. But if I think I cannot make it work, I do not like to be the man responsible. For instance, I should have liked very much to put in an order curtailing unnecessary building, the lumber going into dance halls, bowling alleys and amusement places. But even in war, when we had good cooperation from the public and when the enforcement officers were working with us, we were unable to check that sort of building completely. Now that the pressure of war has been removed we know that it would be utterly impossible to enforce a regulation of that kind. Even in war time we found great difficulty in getting convictions. We would usually get a \$5 fine, or something of that sort. Unless you can enforce your regulations, in my opinion it is very foolish to attempt to make regulations.

The CHAIRMAN: Does any other member of the committee wish to ask Mr. Howe any questions?

Mr. GILLIS: I should like to ask Mr. Howe a question. It is not exactly on the problem of priorities. The question I should like to ask him is this. Has his department given any consideration to the advisability of producing farm machinery in this country? The reason I ask him that is that a representative of the Land Settlement Board made a statement to our committee a few days ago to the effect that the great difficulty in securing farm machinery today was because of labour disturbances in the United States. I asked him the question if there was not the possibility of our utilizing and retooling some of the war plants in this country for the purpose of producing farm machinery and getting away from this business of leaning on the arm of another country, particularly in this matter of food production.

Right Hon. Mr. HOWE: Mr. Chairman, the production of farm machinery this year to date is far and away the largest production on record. It is really colossal. The industry has expanded probably by 50 per cent since the war ended and our difficulty is to get basic steel to keep the industry going. At the moment it is being checked by the lack of pig iron. It is true that certain parts of certain vehicles are imported from the United States, and in the matter of tractors we are almost wholly dependent on the United States. But I am surprised to hear it suggested that we are not making large quantities of farm machinery. Anything that the government did in producing, as regards competitive industry, would be still to take raw materials away from the industry

and put them in government plants. I think the result would be no greater supplies of farm machinery. The situation today is this. If we can make more pig iron we can make more farm machinery.

Mr. ROSS: Could the minister give us just what percentage of farm machinery is being put out in Canada compared with the normal pre-war output? To the farmers it is pretty nearly impossible to purchase farm machinery out west today. I was surprised to hear the minister's statement. If he could give us the percentage of output now compared with that before the war it would give us a better idea of the situation.

Right Hon. Mr. HOWE: I should think it was at least 100 per cent higher.

Mr. ROSS: That pre-war?

Right Hon. Mr. HOWE: Than pre-war. I shall be glad to get the figure and send it to the chairman; I will get the figures of output for the pre-war years, the figures of output for last year and for the first five months of this year.

Mr. WRIGHT: Would you also, when you are getting those figures, Mr. Minister, supply the figures of exports?

Right Hon. Mr. HOWE: Yes.

Mr. WRIGHT: Because it is up the same.

Right Hon. Mr. HOWE: It is up.

Mr. WRIGHT: There is a very large percentage being exported.

Right Hon. Mr. HOWE: 40 per cent is being exported.

Mr. WRIGHT: And compare that with the figures for 1940 to 1945.

Right Hon. Mr. HOWE: Yes; I shall be glad to get that.

The CHAIRMAN: There has been a tractor plant established at Brantford to supply tractors to the co-operative machinery company that has been organized in western Canada and it is also going to supply co-operatives in the United States. I think the committee is very interested in what is happening there. It is really a new venture in recent times in regard to manufacturing tractors in Canada. I think some member of the committee suggested that they were not giving the co-operatives in Canada a chance to expand their factories. I do not expect that you would have any information on that right here, but if you could give us some information on that, it would be appreciated. My understanding was that they were getting co-operation from the Industrial Development Bank and in any other way that the government could give it to them. The suggestion was made in the committee that they were not getting co-operation.

Mr. WRIGHT: I do not think it was the suggestion that they were not getting co-operation, but rather that they might get more than they were getting; not that they did not get co-operation, because I believe they have got a plant from the government that was being used during wartime and that plant is being used now in the manufacture of tractors. The idea was if that could not be expanded, probably to take in other companies than the Cockshutt Company, which was the only company doing it; if some of the war plants in Toronto for instance, or in other places, were turned over to companies such as Massey Harris and other manufacturing farm machinery, to expand their production.

Right Hon. Mr. HOWE: There is not a vacant war plant in the Toronto area, I am sorry to say.

The CHAIRMAN: Did you wish to say something, Mr. Murchison?

Mr. MURCHISON: Just on a point of clarification. The difficulty we have encountered in connection with Veterans' Land Act operations and the difficulty encountered by veterans who are not going into agriculture under the Veterans' Land Act has been basically in connection with the available supply of tractors

as distinct from the supply of general farm machinery. I should like to make that clear. The demand for farm machinery generally has changed over very acutely from horse-drawn machinery to tractor-drawn machinery.

Right Hon. Mr. HOWE: Yes. We are entirely dependent on the United States for tractors.

Mr. ROSS: I should like to ask Mr. Murchison if he finds any difficulty in getting the larger type tractors. I have had a lot of complaints from my part of the country that these veteran settlers would like the larger type of tractors and that the tractors your people have arranged with the machine companies to retain for them are the small types of tractors. They contend that with their manpower they could be operating a tractor say twice or three times that size just as easily; they would like to procure it, but they find it difficult to procure the large types. It is the small type of tractor only that they can get. Is that the case?

Mr. MURCHISON: Of course, in making our advance arrangements for the production of tractors for distribution under the Veterans' Land Act we endeavoured to gear our orders to the price ceiling we have in the Act for the purchase of farm machinery, namely \$1,200. Consequently, we would have been in a rather difficult position had we ordered large numbers of tractors which individually would sell at probably \$1,500 to \$1,800. That would require in every case a substantial contribution by the veteran. I agree that the lighter tractors were probably over-ordered, but I can say that any surplus we had last year was rapidly snapped up by the ordinary trade just as soon as we cut back on our orders. I think in the arrangements made for delivery this year and next year we have included a percentage of the larger type of tractor based on our experience to date. Those arrangements, of course, have to be made 18 months in advance of the actual delivery of the tractors.

Mr. QUELCH: Have you also many orders for other types of farm machinery, such as large size tillers?

Mr. MURCHISON: I would prefer that you ask Mr. Crawford questions of that kind.

The CHAIRMAN: I wonder if we could finish the questions on this particular matter with regard to which we asked Mr. Howe to be here. Mr. Crawford is here and can answer other questions on machinery. But on this particular question we asked Mr. Howe to be here this morning. Are there any other questions on that point?

Mr. GILLIS: Mr. Chairman, I think Mr. Howe put his finger on the whole problem when he said if we had a greater supply of pig iron we could get a greater supply of farm machinery. While Mr. Howe is here, I should like him to tell us, if he can, in what way could the production of pig iron be increased in this country? Is there a possibility of making a direct appeal to the steel producers in the country to produce more pig iron? Is it possible to do that now?

Right Hon. Mr. HOWE: All the steel companies are under direction as to what they will produce and they are producing all the pig iron that we can provide coke for. At the moment the problem goes back to the basic problem of coke. It takes 2 tons of coke, as my hon. friend knows, to obtain 1 ton of pig iron and it only takes 1 ton of coke to produce a ton of steel. We have cut back our steel production about 25 per cent in order to put the extra coke into the production of pig iron. We have all the blast furnaces capable of producing pig iron operating on pig iron at the moment except one that is down for overhaul, a big one at the Steel of Canada. We are bending every effort to the production of pig iron even at the expense of steel. We are cutting back the production all over just for lack of steel because we must use coke for pig iron. We are stretching our basic production a little beyond the point that it is capable of being stretched to, even after the war.

Mr. GILLIS: The reason I should like to get at this basic problem is in my opinion, that when you are discussing big tractors, little tractors, priorities and all kinds of subjects, you are just wasting your time.

Right Hon. Mr. HOWE: Yes.

Mr. GILLIS: That is all. The problem that has to be tackled, if you are going to solve the farm machinery question, is this question of coke production and pig iron.

Right Hon. Mr. HOWE: That is right.

Mr. GILLIS: I think that is what we should be concentrating on and it brings me back to the first question I asked. Is there a possibility of expanding our steel producing facilities in this country? I have in mind a lot of the plant and equipment that was built up during the war; and we certainly got along all right with shells and the rest of it. Mr. Howe's department, I think, is the department that we will have to deal with in this matter. He has the right to set up Crown companies. In making a survey of the country, which no doubt they have done, can they say if there is any place in Canada where you could set up a Crown company and go after the production of more pig iron, and increase it in that way? What are the possibilities of getting more coke? Could we set up a Crown company and put it into the production of coke? Could we tap a new coal seam? Because I think fundamentally that is the sort of thing we have got to tackle. The market for—

Mr. Mutch: This may be very interesting—

Mr. GILLIS: It may not be very interesting, but it is the basic problem.

Mr. Mutch: I did not say it was not interesting. I said it was.

Mr. GILLIS: Unless you get down to the things which are actually retarding production here, you are just wasting your time on all this other discussion; you are only fooling yourselves. While production has increased 100 per cent in this country, the market for farm machinery has increased by 1,000 per cent. The whole of Europe is looking for farm machinery today. I see in this an opportunity for Canada to develop an industry in this country and grab the market for the production, build our own country up, take advantage of the present situation. It may be a selfish motive, but 75 per cent of the motives in human life are selfish ones. I should like to ask Mr. Howe this. Apparently the established industry in Canada, both in the field of fuel and in the field of the production of basic steel, is producing to its maximum. The ingredients necessary to the expansion of the industry are in this country. The plant and equipment are here. I think we have the personnel to staff it. Is the minister or his department giving consideration to tapping some of our fuel seams or utilizing some of the war plants to help to increase the basic materials necessary to solve this problem of farm machinery? I think they have given consideration to it. I think the matter of the Industrial Development Bank making funds available, the setting up of Crown companies as to which we have passed legislation in so far as the government has to do something like that, are things that help; but I think unless we get down to rock bottom and tackle the matter of those two basic problems of more fuel, more coke, more pig iron, we shall not arrive at a solution; and unless we get at that and get at it immediately, personally I can see this land settlement act serving no purpose. A man cannot get land. When he gets the land, he cannot get the farm machinery. The world is crying for food. Everybody says it is a crisis. I think the solution is to be found right here, in developing our resources and going after the two things that Mr. Howe mentioned. Mr. Howe has proven to me very clearly that the only solution is that we have got to tackle the problem of more fuel and more pig iron.

Right Hon. Mr. HOWE: Mr. Chairman, we tackle these things as we come to them. For example, we are building furnaces for making pig iron on a scale

that will double production—or rather I should say we are making coke on a scale that will practically double the production of Canada's coke. But it takes a year to build them. Our difficulty at the moment is that we went into this reconversion too enthusiastically and we have undertaken more building than we can do. That is about the situation. During the war years the government built about \$850,000,000 worth of plants and private industry about \$500,000,000 worth of plants. In this year we have got under way \$1,400,000,000 worth of plants, more than was built all during the war period. We expect to finish a billion dollars' worth of new construction this year, which is a terrific program. We are stepping up our basic production. There is one new furnace going in. There are plans out for considerable production of basic steel, not actually under construction; but there is under construction at the moment a very large development of furnace for converting coal into coke.

Mr. GILLIS: That is very encouraging information.

Mr. QUELCH: I should like to ask the minister a question.

Mr. KIDD: Before Mr. Howe leaves, I have a matter I should like to bring up. I know you are very busy, Mr. Howe, but I should like to make an appeal on behalf of the veteran who is not interested in tractors and who is not interested in automobiles. The question came up last fall and it affects your department and priorities. It has to do particularly with a veteran who comes back to a place like Kingston, for instance, with a population of 25,000. Nothing has been done for that veteran. They are more or less throwing the onus on the department, and I do not think it is fair to you. A boy comes back and has a family of one or two. He wants to build a home for himself. They more or less say he cannot get any priorities. His ambition in life today is to get settled near his parents, near his school, near his church and with his friends. The point is that he cannot get any priority to build a home. This has been going on for eight or ten months. The Department of Veterans Affairs throw the onus back on you and say, "We will help him out if he goes a mile or two out of town and buys 1½ acres. We will buy it for him and he can get a contractor to build a house." I think you should be able to get that soldier a priority. You say, what kind of priority? Well, you are giving him a priority to buy a car. I claim your department have enough officials now across Canada in nearly every centre, and you should be able to give him a priority, I think, to get some lumber. Let him get it where he can get it and proceed to build a house for himself. All he wants is a bathtub, a few electrical fixtures and a furnace, and they will hardly cost him anything. I know of a young man who is working in one of the best industries in Canada today, that is the aluminum plant. He is a skilled mechanic. He wants to go back home and, like plenty of returned soldiers, take a lot from his father; his father will give him a lot, and the children will have their grandparents to live with them. They will build their home cheaper than you are able to do and build a better home than some of these. This man is working eight hours a day to get a living and he is almost prepared to work another eight hours after hours, with the whole family, to build a home for himself. I appeal to you, sir, to direct that some of your officials do something. Ten months have gone by. Surely you can do something for that type of returned soldier, because the situation now is that nobody has priorities. His gratuity is disappearing. That man has been getting a certain amount of pin money for the last ten months and he has not been able to step out and do anything. He has been living with his parents. This not only affects that man, but it affects the boys who married overseas and are bringing home the best type of people coming from the old country, the wives of such men; and they cannot get homes in these centres. They do not want to go out a couple of miles from town. They want to stay in town where they have been brought up and where their family has been brought up in the past, as a matter of policy. I appeal to you, Mr. Howe.

I am not finding any fault. I know you are trying to do a good job. But I think you had better take the manager of veterans' affairs into a huddle some time and say there is another type of soldier who deserves just as much consideration as those who want to go out and settle on the farms. That is all I have to say.

Right Hon. Mr. HOWE: Mr. Chairman, we have various systems of soldier priorities. We introduce them wherever we can make them work. For instance, if your veteran wants to go to the builder who operates under the integrated housing plan where there is a limit to the profit that he can charge the veteran, he can get full priority. We have this integrated housing plan. A contractor can sign up for 10 houses, 50 houses or 100 houses, agreeing to a limitation of his profit to a reasonable amount, and he gets full priority. Then there is the priority for a veteran that you speak of who wants to build his own home. If he gets his home up three-quarters, we can give him full priority to finish it. That is in full effect and can probably be improved. But we cannot issue priorities to the speculative builder who has no conscience at all about the profit that he charges on his house. It is very common today for the speculative builder to charge \$1,000 profit on a \$6,000 house; that is too much profit. We cannot help those people. We have to do more building than we have material for. We anticipated that we could get material for 60,000 houses. We are satisfied that 100,000 houses are under construction in this country today; that is, a recent count indicates at least 100,000 houses. Obviously we cannot issue promiscuous priorities for that. As to your veteran who wants to build a house himself and cannot even furnish the building material for his house, he knows that when he gets to a certain stage and he needs something further, we will give it. We cannot give him an open priority to move in on any supplier and exercise his priority when and where he likes, and exercise it for what he likes. You can see the impossibility of organizing the actual supplies on that basis. Anybody who wants to agree to the profit limitation can get full priority and they are getting it. We know that we can make that work and we are making that work. The difficulty in Kingston is quite different. If a veteran wants to build there, he cannot find a lot; we have met that trouble already.

The CHAIRMAN: Mr. Ross, you wished to say something, I believe?

Mr. ROSS: I was just going to follow this up a little further than Mr. Kidd did. I agree with all that he says about the difficulties. Then there is the type again who probably needs some financial assistance. I had two or three chaps in my own neighbourhood who, apart from being able to obtain priorities, had other difficulties. A couple of these chaps are builders and decorators themselves. I think the difficulty there is that our own Act is very restrictive. I see some reason for it, though. You have to have some safeguards. But these chaps cannot get assistance, and they do require some financial assistance. They cannot obtain it unless they have first of all a contractor who is prepared to go ahead and carry out the scheme for them. I think that is true, is it not?

The CHAIRMAN: No, that is not true. If a man is a reliable person and is ready to build his own home, he can get assistance from the Veterans' Land Act administration. If he has got a contract to get supplies and so on, he can go along, can he not?

Mr. ROSS: Has he not got to handle it through a contractor?

The CHAIRMAN: No.

Mr. WRIGHT: Mr. Chairman—

Mr. ROSS: Just a minute. I should like to clear this up.

The CHAIRMAN: Would you just answer that, Mr. Murchison?

Mr. MURCHISON: Under our arrangements, and in order to meet the individual who is prepared to build his own home, we concede that if the cost

of the structure is under \$2,000, we do not insist on a formal contract. We will arrange to see that the man has access to materials. We will keep his construction under observation and make progress payments on behalf of the structure as it moves to completion. But when we come into the construction that runs over that amount—

Mr. KIDD: What is the amount?

Mr. MURCHISON: \$2,000. Above that we feel that the public interest demands the procuring of a contract from a qualified contractor with the veteran as an assenting party. We have to organize the sources of supply for that building. We must pay for it as it goes along. I can tell you that we have incurred some risks in accepting contracts from builders who, with the best intentions in the world, have not been able to fulfil them; and the director has been left in a rather difficult position due to unpaid invoices, payrolls and things of that sort. So you see there are some difficulties. We feel, as I say, that for any construction that goes over \$2,000 there should be a formal contract with a responsible builder, with the veteran as a consenting party to the agreement. Since the director must finance the cost of this construction, we cannot allow valuable materials to go into more or less haphazard construction. We want to see that the veteran gets value for his money and we also feel an obligation to the government and to the public generally to see that good construction results.

The CHAIRMAN: What I had in mind was this—

Mr. ROSS: Just on this point, Mr. Chairman—

The CHAIRMAN: Just to complete this, where the man is a skilled builder himself—and I know a case myself where he is a carpenter—and where you are satisfied that he can put up a house which would be worth the money it should be worth, with the material that goes into it, you will make a deal with him, will you?

Mr. MURCHISON: Yes, we will. One of the greatest difficulties, of course, arises in the smaller centres where there is an almost complete lack of local supplies and building materials. It is very difficult for any administration to organize delivery of building materials in small quantities to this or that small project all over the country, and that situation I do not think will be eased until the supply of building materials moves back near a normal situation where the local suppliers have the supplies on hand to meet the small local needs. It is a comparatively easy thing to organize it for a large centre where volume supplies can be channeled to meet these individual needs. But it is a different thing to move out into these smaller centres where car-lot shipments just cannot be arranged.

The CHAIRMAN: I wonder if we could get back to the questions which were to be directed to Mr. Howe?

Mr. ROSS: With the \$2,000 ceiling I think it is prohibitive, and the contractor will only work on a cost plus basis. The director, under his administration, has never produced a house for the veterans at this figure.

The CHAIRMAN: I wonder if we could defer the questioning of Mr. Murchison until after we are through with Mr. Howe.

Mr. LENNARD: Mr. Chairman, I was going to say that we are getting back into the same old rut. We have Mr. Howe here. His time is valuable and he is here to answer questions we wish to ask. Instead of doing that we are having the usual veterans' affairs discussion. Let us ask him any questions we wish to ask.

The CHAIRMAN: Are there any other questions the members wish to ask Mr. Howe?

Mr. WRIGHT: I should like to ask Mr. Howe if it would not be possible for the department to allot more material to the smaller centres? I mean, we have these housing projects which have priorities on material at the present time. We find in western Canada, in our smaller centres of 3,000 people and under, that there are many veterans there wishing to build, both under the Veterans' Land Act and on their own; but all the material seems to be being directed at the present time to the larger projects. Certainly there is a feeling throughout the west and throughout some other parts of Canada that more material should be diverted to the smaller centres for building purposes.

Right Hon. Mr. HOWE: Mr. Chairman, we have tried to do that. As a matter of fact, there is more moving to smaller centres, but the demand is just like blotting paper. The idea of building up a stock anywhere is just out of the question. The demand for material is so keen that if the local demand will not take it, then you get the demand from the adjoining town that will. There is a standard form of letter. We get letters from indignant supply men saying they are not getting an adequate supply of materials. We send them a list of the materials they are selling today compared with their pre-war demand, which we can furnish. We have a list in the office of the material every supplier gets, and we check that very carefully. Never yet have we answered a letter where the supplier has not got considerably more in recent months than he has ever had before in the history of his business. But that does not mean that we can supply the demand, because the demand seems to be insatiable.

Mr. BROOKS: To change the subject, Mr. Chairman, I wanted to ask Mr. Howe a question with reference to war assets. The soldier has felt that he has been losing out as far as getting anything from War Assets is concerned. We have been discussing cars, trucks, tractors and that sort of thing, and bulldozers and tools, and trying to think of some way by which the local soldier could go in and purchase some of these things. There is a thought which occurred to me although it may not be practical. I wonder if something could not be done under the ordnance department of the army, if some of the supplies which are being turned over to War Assets could not be left with ordnance. We know that the ordnance department has disposed of surplus material in the past although it does nothing like that now. They have workshops all over the country where the trucks were repaired; and that is one of the things that has been complained about—that their trucks are worn out, that there is no one to repair them and the soldier does not know what he is getting. I know in my own town there is a good workshop, and I know of many others all across the country. It seems to me that with all the buildings that ordnance has, that a certain amount of war assets could be left with the ordnance department and with the splendid staff that we have had in ordnance; if there are not sufficient in now they could bring in men who have been in the army. Possibly through the ordnance department of the army, if some of the assets were left there, the men could buy these trucks, tractors, blankets and tools. These trucks could be repaired. I just wanted to ask the minister whether or not he thought that would be a practicable thing. If it had been done earlier, frankly I think it would have been; but with the men scattered now, possibly it would not be practicable.

Right Hon. Mr. HOWE: So far as I know, there is no agency authorized to sell materials except War Assets Corporation; that is, government property. I do not think the army has ever been authorized to do that.

Mr. BROOKS: In the past I think the ordnance department has sold surplus material of their own. I know they have sold tools and blankets.

Mr. MUTCH: Salvage.

Mr. BROOKS: Well, attached to the ordnance department.

Right Hon. Mr. HOWE: The Surplus Crown Assets Act of 1944 requires that all material be turned over to one agency. The government is of the opinion that it is not a proper way to dispose of government property to have too many

agencies doing it. That is the same view that has been taken in other countries that there should be one agency for the sale of that material. A good deal of misconception has arisen. My hon. friend mentioned bulldozers. No bulldozer owned by the government is passed into private sale. Anything in that line is always taken by highest priority.

Mr. BROOKS: I was not thinking of bulldozers particularly. It was more of cars, trucks and tools.

Right Hon. Mr. HOWE: As to automobiles, we have tried to correct the situation you speak of, and make it possible that the buyer can know what he is getting, by distributing through dealers who are responsible to the buyer to see that he gets a workable vehicle. He has recourse against the dealer if his vehicle shows hidden defects. We have tried to correct the situation. Selling direct from the government to a purchaser is open to just the difficulty you speak of, that the buyer does not know what he is getting. But by distributing through the dealer, we are sure that the vehicle is put in proper repair and that the purchaser has a place to obtain recourse in case there are defects that appear after he buys the vehicle. We have done our best to make these things workable, to protect the buyer. That has been our main object. We have put a ceiling price on the sale of each bit of material. All our effort has been directed towards protecting the buyer. But we have not found a way of moving direct from War Assets to the buyer in any but a limited number of articles.

Mr. QUELCH: Mr. Chairman, I should like further clarification on this question of farm machinery, and I am not referring to tractors. Before the war we had quite a surplus capacity. You could place an order for machinery and be pretty sure of getting it within a few weeks. Now I understand production is higher than it was before the war but that, owing to the great backlog of demand caused by the war, the demand now exceeds the supply. Would you consider, however, that our productive capacity today will in a period of time, say a few years, catch up with the demand and then be sufficient to meet the demand in full?

Right Hon. Mr. HOWE: I would say certainly.

Mr. QUELCH: You do not think it is necessary to have more factories built in order to maintain that supply?

Right Hon. Mr. HOWE: Well, the demands are growing and industries are growing. I dare say factories will be built. But I think there will be a time five or six years hence when the backlog of war demands will have been filled and when we will have surplus capacity. I would anticipate that.

Mr. QUELCH: There is one other point. In view of the fact that there is a shortage of machines at the present time, why is it that there is difficulty in getting a permit to bring machines into Canada from the United States? I have in mind a case of Hartman Brothers out in Alberta. You will remember there was a deal that was made by the provincial government with the Hartman Brothers to clear 100,000 acres of land. Hartman Brothers were an American firm and were going to bring their machinery in from the United States, but they could not get a permit. Finally I believe a permit was given. But I was wondering why there should be trouble in getting a permit to bring machinery into this country from the United States.

Right Hon. Mr. HOWE: Does my hon. friend know what kind of machinery that was?

Mr. QUELCH: It was for clearing brush land.

Right Hon. Mr. HOWE: The only law against bringing that kind of thing into this country applies to motor vehicles. There is a law that states a permit is required to import second-hand motor vehicles.

Mr. QUELCH: This would be brush-clearing machinery; bulldozers, I suppose.

Right Hon. Mr. HOWE: Bulldozers move in free.

Mr. MURCHISON: They would likely be heavy caterpillar tractors and equipment of that kind.

Mr. QUELCH: The deal was held up quite a while because they could not get a permit.

Mr. HARRIS: When was that?

Mr. QUELCH: Last year.

Mr. HARRIS: While the war was on?

Mr. QUELCH: No. The war was over.

Right Hon. Mr. HOWE: There is no law to prevent that. Possibly they were not willing to pay duty.

Mr. QUELCH: It could not be brought in in bond.

Right Hon. Mr. HOWE: No. That cannot be done. You would not want that, either.

The CHAIRMAN: Are there any other questions?

Mr. PEARKES: The veteran who is trying to re-establish himself in business has had great difficulties in getting supplies, as everybody knows, the difficulty being that unless he was in that business in 1941 he could not get the supplies, under a restriction by the Wartime Prices and Trade Board, I think. Some of these veterans were overseas at that time and they have had difficulty in getting supplies for their various types of businesses. Are those regulations still in force? If so, is there any chance of their being relieved in any way?

Right Hon. Mr. HOWE: That is outside my own department, and I know very little about it, but I know that the earlier restrictions which prevented anyone new starting in business have been removed and there is a decided veterans' preference on new businesses. I think anything that would prevent a veteran starting up in business from getting supplies, as compared with the rest of the trade, has been removed.

Mr. LENNARD: What I am about to ask may be more appropriately a question to the Department of Trade and Commerce, but I was just wondering if UNRRA was taking any percentage of our present production of farm machinery.

Right Hon. Mr. HOWE: UNRRA has made purchases of farm machinery. I am under the impression that their purchases have been filled. There may be current orders. They are not large in proportion to the whole output, though.

Mr. QUELCH: I should like a further answer on that question of duty. If an American contractor comes into this country to do work for one month, does he have to pay duty on machinery when he is going to take it back?

Right Hon. Mr. HOWE: No. He can pay duty on a daily basis. Some arrangement has been made for that. I do not know just what the formula is, but there is a formula that provides for using American equipment for one month at a daily rate.

Mr. QUELCH: That may have been the trouble in the case I spoke of. I do not know.

Mr. WRIGHT: War Assets Corporation sell equipment to the wholesale firms. Then those wholesale firms allot that equipment to their agents throughout the country on the basis of 1941 distribution, I think.

Right Hon. Mr. HOWE: Something of that sort.

Mr. WRIGHT: Yes, something of that sort. Now we find that there are some veterans coming back into certain areas, or going over into other areas; and we find, with respect to priorities that are issued from various other government

departments, that the veteran is unable to get them filled in certain areas while in other areas they are able to get them filled. Is there any way in which that could be remedied? I think if that could be remedied in areas where there are accumulations of orders or priorities for veterans, so that the dealers in these areas could get some additional supplies because of those priorities, it would help to solve some of the difficulty.

Right Hon. Mr. HOWE: Mr. Chairman, we have an officer whose duty it is to survey the situation and make corrections as demands vary. For instance, if there is an abnormal amount of building in one town, the supply situation for that town is corrected. But you will appreciate that we cannot promise to keep ahead of the situation. We have to let it accumulate and then correct it later. We are watching it, though, and attempting to make corrections as the demand indicates.

Mr. ROSS: I should like to ask Mr. Howe what the situation is with respect to all these airports for training that his department constructed. I realize they are tied up probably with the Department of National Defence for Air now, but I think some of them are turned over now to War Assets, or are in process of being turned over. Others may be turned over to your department and the Department of Transport. In southwestern Manitoba there are many very large airports with many buildings that represent a large expenditure in money. My thought was this: If those are going to be dismantled—you may have some better use for them, of course—I think they certainly would help out a great deal in the matter of building materials right now in that area. I wonder if the minister could give us any information about that? I have heard a lot of questions asked as to what the future of those buildings is and all the materials in the buildings at the airports that have been used for training. Certainly they would be a very great assistance. If it is the intention of the government to dismantle them, it should be done immediately, to meet this backlog of demand.

Right Hon. Mr. HOWE: As soon as an airport is declared surplus, or as soon as any buildings of an airport are declared surplus, they are referred to the co-ordinator of building. If some governmental agency wishes to take over the buildings for conversion on the site, that agency has the first priority. If not, Wartime Housing have a crew that move in with saws and machinery; they wreck the buildings, convert the material into usable form and turn it over to the housing projects, either Wartime Housing or the Veterans' Land Act, so that all the material goes into veterans' housing.

Mr. BROOKS: That applies to all buildings?

Right Hon. Mr. HOWE: Yes.

Mr. BROOKS: Whether air force, navy or army?

Right Hon. Mr. HOWE: Yes.

The CHAIRMAN: Are there any other questions to be asked of Mr. Howe? If not, on behalf of the committee, Mr. Howe, I should like to thank you very much for coming here when you are so busy and giving the statement you have given the committee this morning. I am sure some of the things you said this morning were a very pleasant surprise to the committee, especially in regard to the rate at which reconstruction has been progressing during the past year. I know it was a very pleasant surprise to me, and I am sure the committee appreciates the statement you made. I should like to thank you very much.

Some Hon. MEMBERS: Hear, hear.

Mr. ROSS: May I ask one question? It is one that is already up. That was as to the matter of output of farm machinery for the present year. Will Mr. Howe give that information to the committee?

Right Hon. Mr. HOWE: Mr. McIlraith will give that information at the next meeting.

The CHAIRMAN: Mr. Murchison has a statement which he is prepared to make to the committee in regard to the Veterans' Land Act. After he is through I should like to indicate to the committee the decision that the steering committee recommends to the committee for their approval. But, in order to save time, I suggest that Mr. Murchison make his statement first.

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, called.

The WITNESS: Mr. Chairman and gentlemen, at your request I have been giving careful thought to a basis upon which the principle of pooled or joint use can be made of the grants otherwise available to veterans who seek establishment on provincial land.

A number of important conversations have taken place during the past few days for the purpose of tentatively outlining the minimum conditions upon which firm recommendations might be made to the government. What I have to say this morning is not an expression of administrative policy based on principles which have been accepted by the government, because there has not as yet been sufficient time or opportunity to discuss these matters fully. On the other hand, it might be helpful to us if we could have the reactions of the committee to the proposals which have been tentatively worked out at administrative levels.

In considering this matter we have kept in mind that the committee has recorded its position to a change in the Act which would authorize the payment of grants in multiples of \$2,320 to a co-operative organization which is intended to function on the basis of pooling land, improvements, equipment, livestock, labour, expenses and income.

At the same time the proposal for joint purchase and use up to a certain point is not without merit. It is felt, therefore, that as between the extreme of complete pooling on the one hand and the isolation of individual enterprise on the other, there is room for compromise along lines which will give reasonable expression to both. I think that is typical of Canadian agriculture today generally.

The primary interest of the dominion and provincial governments is identical in the matter of successful establishment of veterans—that, of course, is a matter of record—but without discounting in any way the contribution to be made by the province as to availability of land for settlement purposes, it is the dominion authority which is expected to assume the main responsibility in the long run. A statement has been made that one province is prepared to guarantee the dominion against loss if its proposal for co-operative farms is approved. It seems to me that if the proposal is good there is no need of a guarantee, but if the proposal is not good it should not be accepted merely because there is a certain guarantee against loss of public funds. It is on these premises that tentative proposals have been roughly drafted as follows:—

1. That pursuant to the provisions of Section 35 of the Act, the regulations made under the Act, and agreements made with the province for the settlement of veterans on provincially owned crown lands, the director may make grants to veterans for the joint purchase of farming equipment and livestock not exceeding a total of \$1,200, multiplied by the number of veterans comprising the group making application for such joint purchase but subject to the following conditions:—

- a. Each veteran shall be possessed of an agreement between himself and the province concerned with respect to a specific parcel or parcels of land in accordance with the terms of an agreement between such province and the dominion.
- b. Grants may be made by the director to or on behalf of each veteran for permanent improvements including the cost of clearing and other preparation of land for cultivation, such improvements to be effected on the land held by each veteran under his agreement with the province, but such grants shall not exceed the sum of \$1,120 to any one veteran.

Those two grants, you will notice, total the maximum of \$2,320.

- c. That the government of the province wherein such lands are situate has agreed in writing with the director that the grants made for joint purchase of farming equipment and livestock shall, in addition to grants made for permanent improvements, become a charge against the lands held by the veteran concerned for a period of ten years.
- d. Not more than fifteen veterans may form a joint purchasing group.

By way of explanation I may say that the existing agreement with the province provides for a charge against the land only for the permanent improvements resulting from grants made by the Director. The security of the Director so far as chattels are concerned is held in the chattels themselves. The proposals I have mentioned above would require agreement by the province that the land held by the veteran would be charged with the total advances made for improvements plus the proportionate amount advanced jointly for the purchase of chattels.

Joint purchase of chattels weakens the Director's chattel security in that default by one or two would complicate repossession or if repossessed from the whole group it would probably wreck the joint venture. But in the event of a dispute within a group who had jointly purchased farming equipment or live stock, the dissatisfied veteran or veterans would still have their land and it is assumed they would have at least \$1,120 worth of improvements on each of their farms and be in a position to continue in occupancy so long as they complied with the conditions contained in their individual agreements with the province. Veterans who go into this program of joint purchase should do so with their eyes open and they should be expected to assume some of the risks. The administration should not be faced with the necessity of untangling some involved joint purchase dealings. Instead of this the administration should place reliance for recovery, if necessary, on the land which has been allotted to the veteran by the province.

It is suggested that joint purchasing be limited to groups not exceeding fifteen in number. I feel that this would substantially meet the requirements of the proposals thus far made by Saskatchewan, and I believe that in connection with the establishment of veterans, on raw land in various provinces it would work to their advantage if joint purchase could be made by small groups of three to five. This would narrow the area of possible dispute and present considerably less difficulty in organization and administration.

I have reasonable grounds upon which to anticipate approval of an amendment to the regulations to give effect to the above outline, but when I say this it should not be construed as a definite commitment, because, as I stated at the outset, there has not as yet been sufficient time or opportunity to discuss these matters fully.

By Mr. Ross:

Q. May I ask one question, because I was not clear on one point. Suppose a few farmers now want to pool their allotment for farm machinery to buy power equipment. Is it necessary that there must be an arrangement with the province before they can do so?—A. That is if they are doing it on provincial lands?

The CHAIRMAN: No, on land bought by you.

By Mr. Ross:

Q. Suppose they have settled in the province of Manitoba where there is not any of this set-up and then they want to do something jointly; for instance, something with regard to the question I raised this morning. You know you cannot buy very efficient power equipment for \$1,200. Suppose there are three or four brothers who want to go together and try to settle on land there. Can that co-operative body buy power equipment through you without some arrangement with that provincial government?—A. I would like to make it clear to Mr. Ross, Mr. Chairman, that the outline I have given here relates entirely to the settlement of veterans on provincially owned lands.

Q. That is what I wanted to be clear on.—A. I have not carried this to a point of considering a joint purchase in connection with the establishment of veterans on purchased lands.

By Mr. Quelch:

Q. Would you explain whether or not you could foresee any difficulty in doing that?—A. On purchased land?

Q. Yes, on purchased land; is there any reason why they could not pool their \$1,200 for the joint purchase of machinery?

The CHAIRMAN: Two or three going together.

The WITNESS: I would be rather fearful of that, Mr. Chairman, because a veteran in those circumstances has assumed the repayment of a substantial debt. I would be very hesitant to see him going into an arrangement which might prejudice his chances of success under his agreement with the director.

Mr. MUTCH: It might help him, too.

Mr. QUELCH: It might help.

The WITNESS: It might help, but I should say on the basis of what experience we have had in the past, from our past assessment of what we can see in the future, that I would anticipate rather too much difficulty in connection with the joint purchase of farm machinery with respect to purchased land as compared with the same thing on provincial lands where, subject to the very modest conditions imposed by the province, there is no repayable debt.

Mr. Ross: That is what I wanted to get clear because back in 1942 I think Mr. Wright, Mr. Quelch and myself advanced those arguments to, quite an extent, if you remember. The whole situation is very much more difficult today than it was in 1942, as you will realize. For instance, when you cannot build a home on any kind of small holding for under \$5,000—in fact, it runs \$1,000 over the limit of \$6,000—I think anybody will realize that it is pretty difficult to establish a farm or a man in full-time farming for \$6,000 to-day; and that with \$1,200 for farm implements, it can scarcely be done at all.

The WITNESS: There is one other practical difficulty in the thing. When you are dealing with purchased land, it is only in the occasional circumstance that say two or three or four veterans are established on purchased lands which are contiguous to each other. Now, if you apply this generally to veterans who are being established on purchased land, it just would not work if those veterans

were divided one here and one, two or three miles away. Such a separation of farms would destroy the idea of the joint effort to a large extent. That does not obtain in connection with settlement of veterans on blocks of provincially-owned Crown land to the same extent.

The CHAIRMAN: Of course, Mr. Murchison, if you had, say, two brothers who were able to buy a section of land under the Act it seems to me there would be nothing wrong in your taking power under the regulations to enable those two brothers to pool their allowances for farm machinery and equipment somewhat along these lines, and there would be probably just as much hope of them paying for this equipment if they worked jointly as if they worked separately; and if they made a go of it for ten years they would be entitled to the machinery acquired anyway.

The WITNESS: That is right.

The CHAIRMAN: It seems to me that the point of your statement this morning is that you could provide for them by regulations if you could work out some sort of satisfactory plan; could you not?

Mr. Ross: That is the argument we advanced in 1942: if two or three or four fellows got together and could be settled within the same community, within a reasonable distance of each other, they could pay for this equipment. It costs around \$2,000 to get a tractor of a fair size today; to get a combine would cost between \$2,000 and \$3,000, modern equipment; by pooling, several people can buy this equipment and rotate it among themselves. Someone will have to have discretion and be satisfied that this sort of thing is done in a workable area. It could not be done on a wholesale basis at all among people scattered all over the country. However, if you are satisfied that these people are settled within a reasonable distance of each other they will be in an advantageous position; their overhead is cut down immeasurably. I am quite frank in saying that I do not believe with prices prevailing today we can successfully settle many veterans on land with the limited sums we have. I think the director will agree with me. He knows the difficulties experienced in small holdings alone. If it cannot be done in the case of a house, how can a veteran buy a reasonable block of land including farm implements, live stock and buildings and everything else?

Mr. Mutch: Even though you rent the land you have to come up to the maximum indebtedness to get enough money to buy sufficient machinery to farm.

Mr. Ross: That is true.

Mr. Quelch: I think it is important with a scheme of this kind that each veteran should be held responsible for only his share of the purchase, and so long as that is done I cannot see that there is any danger to any veteran, but if you are going to hold each veteran responsible for the whole amount I can see where a veteran might be penalized.

The WITNESS: We cannot do that. We cannot hold him responsible for another man's behaviour. So far as the purchase is concerned, gentlemen, my fear is not based on the narrow grounds of departmental or parochial administrative interests; I fear the breakdown of partnership arrangements which are entered into with enthusiasm and sincerity at the start, but due to different conditions the scheme breaks down. I would expect to see just as much trouble between two brothers as between two strangers.

By Mr. Wright:

Q. Mr. Murchison has in some instances purchased blocks of land for soldier settlement, and we find in the west now that individual quarters are quite high, and there are in some instances large farms which people want to dispose of which can be bought cheaper than individual quarters, and in those cases where these larger farms are bought it would seem to me that pooling of the \$1,200 for the

purchase of machinery in particular for the veteran settling there would be a feasible undertaking. In the west the tendency is more and more to pool equipment among small groups. I agree that you cannot make the groups too large; I think that is quite understandable; but where the group is not so large there is a tendency now to pool equipment, and I think it will continue. I think it has got to continue if we are to produce economically in western Canada. I should like to see the recommendation extended to those on purchased land when they are in a position to do this.

Now, with regard to your suggestion concerning provincial lands, you place a limit of fifteen as the number of veterans who can co-operate. We have in one instance in Saskatchewan a farm which is already started—the Matador ranch—you know the circumstances—I believe there are twenty in that, are there not?—A. It has not been made very clear to me whether there are fourteen or sixteen or twenty.

Q. It is somewhere in that neighbourhood. I understood the number was twenty. If you set the figure at fifteen that might prevent that farm which is already operating from continuing, from coming under your present regulation. —A. I would not think so, because it could be broken down into component groups of let us say five or six. That would have the same effect in getting the machinery required and working the whole block, and you would only have small groups of four or five pooling in a group.

Q. The other point I wanted to raise was with regard to where you take security on an individual for the repayment of the \$2,320. I do not know under what circumstances you would want that repayment. Will you explain that? It is free ground; it is not a matter of having to be paid back at all. Under what circumstances would you take the land as security?—A. On the abandonment of the whole enterprise by the veteran concerned within a period of ten years. That will occur; make no mistake about it. There will be veterans who will go into this scheme enthusiastically and sincerely and in two or three years circumstances will develop which might justify them walking off that land.

Q. In that case you take security on the whole of the grant of land made by the provincial government. Why should you ask for that security? The land was not yours in the first place. All you are entitled to would be security on the improvements that were made?—A. That is the way the agreement stands at the present time: that we recover in the event of abandonment not on the cost but on the value of the improvements resulting from grants made by the director for improvements. Now, all I suggest is to meet this proposal and cut down administrative difficulties so that the administration does not have to step in and break up a joint venture and seize machinery which would destroy the joint effort. Say you are going into this with your eyes open, but the proportionate amount of this pooled fund for equipment shall also become a charge against this grant for recovery by the director in the event of abandonment within ten years. After that we have no interest.

Q. As far as Saskatchewan is concerned, in our co-operative endeavours we have many more applications than we actually have farms, and if anyone wanted to drop out half a dozen are waiting to take his place. They practically guarantee the man's equity, because there is another man ready to step in.—A. We have a basic provision for that in each provincial agreement, that upon abandonment the land may be allocated to another qualified veteran, but on the understanding that if we have disbursed the \$1,200 for improvement to that land the succeeding veteran only gets \$1,120. We are not going to keep on making \$2,320 grants with respect to the same land.

The CHAIRMAN: You mention the case of a veteran who wanted to drop out and where you have already disbursed the whole amount—a veteran wanted to drop out at the end of five years. I take it therefore that another veteran could take his place as long as that land is being farmed, and that will be all there is to it?

The WITNESS: If he is willing to take it on that basis and the province is agreeable and the man is qualified.

Mr. HERRIDGE: In my constituency there is possibly the largest area of suitable provincial land at present—the southern part of British Columbia. The chaps who will go on that land—first-class land—will have to make their living from part-time farming and in the early years possibly to a great extent from lumbering. It will cost at the present time about \$5,000 to purchase a diesel or small convertible mill capable of cutting 8,000 to 10,000 feet a day. Suppose eight or ten men wanted to go into this work would these regulations apply to these men?

The WITNESS: It could be enlarged to include basic forestry equipment, shall we say.

Mr. MUTCH: Would it apply to fishing?

The WITNESS: I hesitate to say anything about fishing. We already have provision for two men combining for fishing.

Mr. MUTCH: It occurred to me that all the things that apply to farming apply to fishing.

By Mr. Jutras:

Q. I am not clear as to whether this applies only to provincially-owned land or not. Take the case of two or three veterans who go on a couple of sections of land. This provides that they can pool their money to get the equipment?—A. Provided it is provincial land only.

Q. I am thinking of two veterans who rent from a company a couple of sections of land. They would not be able to farm that land with the small grant but if they could pool their grants they could get proper equipment.—A. You do not need pooling there because under the recent amendment to the Act we advance the veteran in those circumstances up to \$3,000 for the purchase of farming equipment, and live stock with which to operate a rented farm. I do not think there was much criticism of that ceiling when that particular amendment was under discussion. There is an over-all ceiling of \$3,000 for farm equipment and live stock with which to operate a rented farm provided that the advances for stock and equipment do not exceed 40 per cent of the value of the rented farm.

Q. I am not criticizing the ceiling. What I am saying is this: suppose according to the value of the land they are entitled to \$2,000 apiece for equipment. Now, in the case of \$1,000 or \$1,500 that is not enough to buy a good tractor to farm that land, but if they can get together they might be able to get a tractor.—A. All I can say at this juncture is that the discussions we have had on this particular subject have been centred on the establishment of veterans on provincial lands, and what I have projected here this morning is what I have some reasonable hope of having approved by way of regulation, rather than by a substantive amendment to the Act. If what I have projected here sounds workable to the committee with respect to establishment of veterans on provincial land I should like to have an indication along those lines; if you feel this should be enlarged to cover the settlement on purchased land that is a horse of a different colour, and I shall have to start all over again.

By Mr. Wright:

Q. It is rather hard to express an intelligent opinion on this until we have studied your proposals more fully, but from having heard them read once I understand that the assets of the group going in cannot be pooled cooperatively; you do not farm land cooperatively, you farm each individual unit, and you obtain for yourself the production of that individual unit. The only thing you

pool is the farm machinery. If that is the case I see more difficulty in operating this particular scheme because immediately you have ten different units, say, of 480 acres and there is pooled machinery, and you run into a problem of whose unit that machinery is going to be used on first; whose crop is to be threshed first, whose land is to be sowed first, and the same with all the other operations, whereas if you have a pool of the production of the whole unit the problem does not arise as to whose land you are going to use the machinery on first and whose land you are going to break first, because the assets are all pooled and divided equally at the end of the year. It seems to me that this proposal, if it is as I understand it, must be worked out on an individual basis, the proceeds going back to each individual unit being worked by itself.—A. What I am trying to get away from administratively is anything in the nature of being forced into the position of entering into a contract with a cooperative society as such. This is a device to provide for the pooling of funds by a group of veterans who in their own judgment want to cooperate. I am not going into the details of how they are going to cooperate. I say if they want a grant under this section of the Act this proposal here will allow pooling of \$1,200 multiplied by the number of veterans who want to go into this pool. Now, to work out the details as to whose land is going to be broken first or harvested first is somebody else's business. All we say is that \$1,200 is the maximum of this grant that should be made available to the pool for the pooled purchase of farming equipment; the balance of \$1,120 we feel should be invested in improvement on the land which has been allocated to that veteran by the province. Now, it does not matter whether the improvements are made this year or two years from now.

The CHAIRMAN: I do not suppose it matters to you whether they want to farm cooperatively or otherwise?

By Mr. Wright:

Q. That is the point. I think we are quibbling over the term "cooperative". You are providing in this practically the same thing; why not deal with the cooperative?—A. Otherwise, gentlemen, we must have a substantive amendment to the Act to authorize the director to make direct grants to a cooperative society and to enter into an agreement with them. Now, the Act, will not provide for that as it stands. The Act provides for a grant to a veteran. This is a device whereby all we take is power to approve an application by a group of veterans to pool a certain amount of that grant in the joint purchase of farming equipment, but he must have an individual parcel of land. The province must agree that in the event of a dispute or trouble that that proportionate amount of the pooled grant be charged against that land for ten years.

By Mr. Brooks:

Q. Suppose there were ten men in this operation and each one has his own individual lot of land. It is not a co-operative. Suppose one of those people decide to pull out. Does his tenth go to the other nine, or would they choose another man to come in and take over the tenth share that that man owned? Could you arrange that the other nine take over that particular lot?—A. No. I do not want to become involved in that. I think the position from an administrative standpoint should be in the matter of the pooling up of the \$1,200 of that grant with the associates for the purchase of equipment, and if they get into difficulties with themselves one man must talk to his associates to get his equity out. I am not going to try to saw a tractor in two or anything like that; but if we attempted to enforce a chattel security against a single veteran who might be dissatisfied we would probably have to wreck the whole venture by repossessing the whole tractor.

Mr. CROLL: Is not the province ready to do that? The province says that if an individual wants to get out they will either replace him or pay him out.

Mr. WRIGHT: Yes.

Mr. CROLL: Where is the administrative problem?

The WITNESS: I should like to know when he was going to be paid out.

Mr. CROLL: Now, I understand that the province of Saskatchewan, in its wisdom, has decided to do something a little different from what is done by the other provinces. It may cost them money, that is their lookout; and it may be of great benefit to the soldiers; we hope it is. Now, they are taking some risk. I do not think we need worry; they are showing considerable interest, and if they give an undertaking that such and such a thing will be done, what have we to worry about? Their credit is good, and they are as interested in the veteran as we are. If that is going to help the situation why should we worry about it?

The CHAIRMAN: That brings up the point, gentlemen, that probably Mr. Murchison does not know, that Mr. Sturdy has been in telephonic communication with me and has indicated that his submission to the subcommittee was not complete in that it did not deal with the extent to which they are ready to guarantee in this situation, and he wanted to have a member of the Matador farm come and give evidence on July 9. The steering committee considered that matter this morning and suggested that Mr. Sturdy be advised by telegram to-day of the earliest possible date for making his further submission in the matter as to what the province is willing to do and that he make it in writing. I take it that Mr. Wright will furnish him with the statement which Mr. Murchison has given this morning; and when we get Mr. Sturdy's statement the suggestion is that we put it on the record for study by the committee and then the committee will decide what further steps they will recommend in the matter. That is the suggestion of the steering committee which was arrived at unanimously and I suggest that it be concurred in by this committee, and that we defer any further discussion until we hear the proposals of Mr. Sturdy which, of course, he will be able to make more clearly and more definitely in the light of Mr. Murchison's suggestion. I think the matter is working out satisfactorily.

Mr. CROLL: I move concurrence in the recommendation of the steering committee.

Mr. WOODS: Mr. Chairman, would you permit me to ask a question of Mr. Wright? I may say this is a question that has arisen in the minds of members of parliament with respect to this co-operative movement in Saskatchewan. Do I understand that all the produce is pooled and divided equally? I have in mind that one settler may have 60 acres broken and another 120 acres and one settler may get only 15 bushels to the acre and another might get 30 bushels to the acre, and one will have poor soil and another will have better soil. Now, is it proposed that the total yield be divided evenly amongst them? If so, I can see a lot of difficulty.

Mr. WRIGHT: Take the individual unit. Suppose five men go into a co-operative of the nature of the Matador co-operative. I expect that is the way it will work—something of the same type.

Mr. Mutch: It is a communal enterprise.

Mr. WRIGHT: Yes. You are supposing that all these operations cover ownership?

Mr. WOODS: No, in the individual co-operative.

Mr. WRIGHT: Yes, in the individual co-operative. What you are stating is right. The assets or returns from the crop are pooled. It does not matter whether there are 60 acres broken on one quarter or 120. As the project is developed your quarter will be broken and finally it will be completely broken, and in the meantime the returns will be pooled.

Mr. WOODS: I wanted that clear.

The CHAIRMAN: Now, you have heard the motion by Mr. Croll that we give concurrence to the suggestion of the steering committee. Is that satisfactory?

Mr. BELZILE: Will that be referred to the committee or the subcommittee?

The CHAIRMAN: When we get Mr. Sturdy's reply we will put it in our record. The suggestion is then that the committee will decide what further steps will be taken. I take it that the steering committee will study the reply and make a recommendation.

Mr. QUELCH: That deals with the question of co-operative farms on provincially-owned lands. Mr. Murchison said he would like to have an expression of opinion from the committee regarding privately-owned land, and as to whether the holders should be allowed to pool. I should like to move that Mr. Murchison be asked to work out a scheme under which settlers on privately-owned land may pool their grants for the purchase of machinery.

The CHAIRMAN: The recommendation of the steering committee was that Mr. Sturdy be asked to submit further recommendations in writing at the earliest possible date and that those recommendations be placed on our record and then this committee will decide what further steps shall be taken. The steering committee will probably make a recommendation to this committee. The steering committee will study Mr. Sturdy's further recommendation and report to this committee and it may say that the committee itself should deal with the matter. I think we might as well leave the decision until we see the nature of Mr. Sturdy's suggestion.

Mr. WINTERS: When Mr. Murchison is studying the advisability of making the arrangement apply to privately-owned land I wonder if he would give consideration to making it apply also to fishermen. He seemed to be optimistic about making this apply to farmers and I do not see how he can exclude the fishermen.

Mr. QUELCH: Two fishermen can do it.

Mr. WINTERS: If we are going to enlarge this to include fifteen as regards farming I think the fishermen should have the same right.

Mr. WRIGHT: I think the subcommittee should have heard more evidence before bringing in a report.

The CHAIRMAN: Are you satisfied to accept the suggestion of the steering committee?

Carried.

The CHAIRMAN: Now, we have a motion proposed by Mr. Quelch that Mr. Murchison be asked to work out a scheme under which settlers on privately-owned land could pool their \$1,200 grant for the purpose of buying machinery and equipment.

Mr. MUTCH: Does that need a motion? The request has been made. He has asked Mr. Murchison to let us know what that will involve.

Mr. QUELCH: The minister asked for an expression of opinion, and the only way to do it is by a vote.

Mr. MUTCH: Generally speaking I have always been glad to have all the information I can get.

Mr. QUELCH: I think this motion goes beyond that. This is not asking for information; it is definitely stating that we are in favour of that being done, of a scheme being worked out whereby two or three soldiers together can purchase machinery by pooling their grants.

Mr. WINTERS: In that case, maybe I should put my suggestion in the form of an amendment.

Mr. QUELCH: Add "fishermen" in there.

The CHAIRMAN: I suggest that you make a separate motion.

Mr. CROLL: He is willing to add "fishermen".

The CHAIRMAN: Add the words "and that this apply in the same manner to fishermen as well."

Mr. WINTERS: That will, of course, include boats as well as machinery.

Mr. WRIGHT: Before concluding this phase of our discussion I would like to suggest that Mr. Murchison put definitely on the record what is wanted from Mr. Sturdy; what information you want with respect to this submission. I think we should have some direction.

Mr. CROLL: You telephone him and give him a direction; we should not tell him what to do.

Mr. WRIGHT: We are asking for some further information.

Mr. CROLL: No. As the result, I presume, of reading our record and of being told by various people what has happened, he found that he had not completed his submission with respect particularly to the ownership of land, and he wants to make another submission. It would be, I think, a discourtesy on our part to direct him; he does not need our direction. It would be unfair. He can make his submission in the light of our discussion which has been most helpful, and we can deal with that later.

Mr. WRIGHT: I was not suggesting a direction as to what he should do or say but rather as to what information we want or would like to have with respect to this matter.

The WITNESS: As I followed this discussion I think it divides clearly into two parts. I have placed certain tentative proposals before the committee this morning which I feel would be translated into a regulation to give effect to the proposal I have made here. I have asked you to give me some direction as to your feelings as regards the proposals made. Now, the chairman has just indicated a line of action, that we should wait until the steering committee finds what Mr. Sturdy's proposals are and how they square with what I have projected here this morning. This all centres on the establishment of veterans on provincial lands. That is one distinct part of this discussion. The other part refers to the joint purchase of farming equipment and live stock in establishing veterans on purchased land. Now, there has been an enlargement to the effect that it be applied to veterans who are being established in commercial fishing. I can assure you, Mr. Chairman, that any proposals I might develop along the lines of part 2 of this discussion would require very careful consideration, because I would be very hesitant in coming forth with any proposals along those lines without discussing them at the very highest level. What I have projected this morning has, I think, reasonable promise of adoption, although no direct commitment has been made.

Mr. Mutch: Maybe we had better take what we can get as a start.

The CHAIRMAN: I think Mr. Murchison is just making a suggestion as to what you can get through by regulation. It may be that that would be quite satisfactory to Mr. Sturdy. We will send him a copy of the proceedings of this morning as soon as we can get them to him. It may be that he would be quite satisfied to make some suggestions based upon this suggestion. At any rate, he wanted to make a further submission and we are giving him a chance to do so, whatever he sees fit to suggest. Of course, I think the feeling of the committee would be very favourable to your suggestion this morning, but we cannot actually decide anything until we have Mr. Sturdy's reaction to it, because he is particularly interested in it.

On this other matter, you were so venturesome as to suggest you would like to have the opinion of the committee as to whether they would like to see you

have the right to entertain an application by a couple of people who wanted to go into partnership, to pool their grants to buy machinery—and there is also the matter of fishing equipment. All that is going to be voted on now is whether the committee would like to have you explore that situation to see if you can work out something that will meet with that feeling. I would like the members to vote as they feel they would like Mr. Murchison to work in the future.

The WITNESS: My closing observation is that this is the 27th of June. Agreements have been completed with practically all the provinces now with respect to their provincial lands. If this thing is to work this year it should be got working quickly. I would feel rather disappointed, Mr. Chairman, if something which I think is practicable, something which has a good deal of support, is not adopted now on the ground that surveying a much larger and more involved factor will probably have the effect of delaying any action on what has been projected with respect to provincial lands. That is the last word I have to say on it to-day.

The CHAIRMAN: Just to make sure, are your remarks directed to the suggestion that we should not make the delay and hear from Mr. Sturdy, which will take more than a week?

The WITNESS: My remarks are just directed along this line, that as quickly as possible there should be a decision made with respect to the pooling of grants for the establishment of veterans on provincial lands as a distinct proposition, and deal with the other one as and when we get it.

The CHAIRMAN: We will urge Mr. Sturdy to make his reply at once if possible on this very question. This is an expression of opinion as to the feeling of the committee as to whether they would like this extended if possible to partnerships; that is where they are actually purchasing and can pool their resources to buy machinery and equipment. This is an expression of opinion, and it may take time to work it out because we hope this Act will be operating and settling people in the next four or five years. Are you ready for the question? All those in favour of Mr. Quelch's motion?

Carried.

THE CHAIRMAN: It is carried almost unanimously.

Mr. MUTCH: I have not any wish to urge the adoption of the amendment to the regulations just at this moment, and I have no objection, as I think the committee will know, to knowing Mr. Sturdy's views on anything. I am not likely to be greatly influenced, but even that might happen. If the committee is in agreement with the thought that an amendment to the regulations would be beneficial to any group of veterans anywhere in the country I would not wait for five minutes for Mr. Sturdy's suggestions. I do not like the idea of making the decision of this committee conditional upon the opinion of any person outside of this committee itself about anything.

Mr. QUELCH: The proposal put forward by Mr. Murchison would be beneficial not only in Saskatchewan but also in Alberta. Personally I will be quite prepared to study plans submitted. I do not think that will interfere with our going into all the details in regard to Saskatchewan later on. He is laying down certain basic principles which we can adopt and which we can extend as far as regulations are concerned. They can be brought up to cover certain points regarding the equity of the soldier.

Mr. WRIGHT: I realize that any changes are applicable to all provinces of the dominion. That is only natural. I do not think the committee have had time to read and digest Mr. Murchison's proposals. We have heard them read over once, and I am not a lawyer. I cannot just grapple with all the details of the statement which Mr. Murchison has made after hearing it read once;

I do not think many members of the committee can deal with the details as regards what Mr. Murchison has stated; so I do not think we should reach a decision on this matter right now as proposed by Mr. Mutch.

Mr. MUTCH: I made no motion. I made objection to the grounds for delay.

The CHAIRMAN: Mr. Quelch's motion is carried.

Mr. CROLL: Mr. Mutch did not make a motion.

The CHAIRMAN: No.

Mr. CROLL: I am hesitant about voting for it because of what Mr. Brooks said in the House and what Mr. Pearkes said about voting on motions you have not heard, acting as shock troops. I had not heard this, and I did not want to vote on it.

Mr. BROOKS: You are bringing up another matter.

Mr. MUTCH: I think you had better let that one drop.

The CHAIRMAN: Thank you very much, Mr. Murchison, for your statement and your suggestions here this morning. You have done a fine job.

Before we go, as we have 15 minutes yet, we might as well use it. Colonel Garneau is here with a statement which he proposes to make. If he puts it on the record we can be thinking about it. How long will it take you to make the statement you have in answer to some questions that were asked, Colonel Garneau?

Colonel GARNEAU: I have a few statements here, but I can take one at a time and might be able to cover the first one.

The CHAIRMAN: I think we may as well use the next 15 minutes and hear from Colonel Garneau.

Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board, recalled.

The WITNESS: I have material that will take more than 15 minutes, Mr. Chairman.

The CHAIRMAN: You can take it in whatever order you wish.

The WITNESS: There were quite a few questions that were asked during the course of the past discussions, and I have prepared some statements on those various matters. Before answering specifically some of the questions referred to, I should like to make a statement regarding the number of ex-Imperial veterans in Canada.

You will remember that on May 2, 1946, Mr. Stephen G. Jones, President of the Federation of British Canadian Veterans of Canada, stated at page 330 of the minutes of proceedings No. 10, that there are 186,000 British Canadian veterans, according to the census which was taken 4 or 5 years ago. On the same date, at page 333 of the proceedings, I gave evidence based on information received from Captain Kermack of the Imperial Section of the Canadian Legion, that there were 36,015 ex-Imperials living in Canada who would be eligible to apply under the present terms of the Act, if the pre-enlistment domicile clause was amended to September 1, 1940, instead of date of enlistment. The wide discrepancy between the figures submitted by Mr. Jones and those based on Captain Kermack's information has given rise to questions and further information was sought on the subject. The Dominion Statistician and the chief of the Demography Branch of the Bureau of Statistics were contacted as well as the chief of the National Registration Branch and other officials. They suggested that a token tabulation had been made and supplied to the Canadian Legion in

1941 and the information thus supplied by the former chief of the Demography Branch was that there were 86,470 residents in Canada with service in the British armed forces and not 186,000 as has been quoted. I may interject here—and this is not in the statement—that Captain Kermack's figures were based on the accurate figures of 86,470. The figures thus supplied by Captain Kermack of the Canadian Legion were broken down from the above total of 86,470 and the War Veterans' Allowance Board estimate of 4,639 ex-Imperial applicants is approximately correct. They include those who served both in the South African war and World War I.

Mr. CROLL: That is very interesting.

By the Chairman:

Q. Have you any other statement that we can put on the record?—A. Yes. At page 930 of minutes of proceedings No. 32, Mr. Chairman, you asked what it would cost the country to pay war veterans' allowances to veterans who served in England only during World War I, taking into account "what we save on old age pensions", as when the veterans "get to the age of 70, if they are in necessitous circumstances, they will be getting the old age pension." I am quoting some of your remarks, Mr. Chairman.

According to the national registration of August, 1940, 3,979,680 males were registered and of these 69,290 were in receipt of old age or blind pensions. Under disabilities, 6,960 were shown as being blind. If these were deducted from the 69,290, it would indicate that 62,330 were in receipt of old age pension, or 1.56 per cent of the male population.

If non-pensioned veterans with service in England only are given entitlement to the benefits of the War Veterans' Allowance Act, it has already been estimated that a further 8,937 allowances might be granted. Of this number, using the percentage shown above, we might expect to find that 1.56 per cent of 8,937 or approximately 140 were already in receipt of old age pension.

The Finance Department advise that, as at March 31, 1946, the average monthly payment of old age pensioners is \$23.42 of which the dominion government pays 75 per cent or \$17.56 per month; and if this were applied to the figure 140 above, it would amount to \$29,500.80 per annum. From the estimate of cost already made, if non-pensioned veterans with service in England only are given entitlement to the benefits of the War Veterans' Allowance Act, from \$3,811,809.24 estimated, we might deduct \$29,500.80, leaving \$3,782,308.44.

If the same percentage regarding old age pension is applied to veterans, as shown under tabulation "Veteran with Imperial service, but ineligible because of domicile prior to September 1, 1930", we would find that of 4,639 applicants,—previously referred to in another statement,—that might be expected, 1.56 per cent or 72 were already in receipt of old age pension, costing \$17.56 per month, or \$15,171.84, thereby reducing the estimate of \$1,976,626.28 by \$15,171.84, leaving \$1,961,454.44.

By the Chairman:

Q. Of course, that is only at the present time. In 10 years' time everybody that draws the war veterans' allowance, or almost everybody, would be getting the old age pension. That is correct, is it not?—A. Yes.

Q. The vast majority must be 60 before they can get war veterans' allowance. They, as a matter of course, would go into the old age pension class 10 years from now, all of them, not 1.46 per cent. In other words, that is not a weighted estimate. It is just an estimate as to the situation at the present time. What I had in mind was the overall cost of doing this over the next 10 or 15 years.—A. I see.

Q. Because this, I think, presents a picture that is not complete.—A. I gave it on the figures presently available.

Q. Yes, at the present time. Naturally there are not many people to-day who are getting the old age pension among the Imperial veterans, but next year there will be more and the following year there will be more and in 10 years' time they will practically all be getting it.

Mr. BROOKS: There is one point about Imperial troops. They would have to be in this country for 20 years before they could get the old age pension.

The CHAIRMAN: Yes. But the suggestion is that they only get war veterans' allowance if they are domiciled here in 1930. So they would be entitled to old age pension by 1950, which will soon be here anyway. So that part of it does not affect the matter very much.

By Mr. Brooks:

Q. His estimate was taken as of September 1, 1940?—A. That was on the census of September 1, 1940.

Q. Yes. Your figures were based on that?—A. Yes.

Q. Not on 1930?—A. No.

Q. So you are confusing the two.

The CHAIRMAN: Oh, no. They do not suggest that they get war veterans' allowance unless they were domiciled here in 1930. What I had in mind was to get a true picture of this thing. These Imperial veterans who were domiciled here in 1930, if they are of sufficient age, will be entitled to old age pension by 1950. A lot of them in the next 4 or 5 years will be eligible for old age pension. What I was trying to get at was what the extra cost would be of giving the right to war veterans' allowance over and above what you will have to pay in the next 10, 15 or 20 years in old age pensions anyway. That is what I had in mind. All you have dealt with is the actual cost this year.

The WITNESS: As I understand it, I will try to make a statement estimating what the number of veterans might be in 10 years' time.

The CHAIRMAN: Yes.

The WITNESS: And what the saving or difference between the cost of war veterans' allowance and old age pension would be.

The CHAIRMAN: Yes. The argument is that this measure, in view of our old age pension legislation, is actually not going to cost us very much. We want to know the actual figures on it. That argument will, of course, become extraordinarily strong if legislation is brought into effect whereby old age pensions are paid at 65.

The WITNESS: That would change the picture again.

The CHAIRMAN: Yes.

By Mr. Brooks:

Q. The two would cost in the vicinity of \$5,500,000, you say, at the present time?—A. Yes, approximately.

Q. If you add the two together?—A. Yes, \$1,900,000 and \$3,782,000.

Q. Yes, a little over \$5,500,000.—A. \$5,500,000.

Mr. QUELCH: I suppose the death rate would be fairly heavy among those Imperial veterans. You have to take that into consideration.

The CHAIRMAN: Yes.

The WITNESS: I have something here on the death rate. We have a death rate for the past 9 years which averages 3.73 per cent.

By Mr. Quelch:

Q. What is that?—A. 3.73 per cent.

By Mr. Brooks:

Q. Of course, that increases as they get older?—A. Yes. That is based on the figures over the last 9 years.

By the Chairman:

Q. That is the figure based on the last 9 years?—A. Yes, among our recipients.

Q. Have you any further statement you could put on the record? Is that 1 o'clock that just struck?—A. Yes.

An Hon. MEMBER: Yes.

The CHAIRMAN: Then we will adjourn until to-morrow at 11 o'clock.

The committee adjourned at 1 p.m. to meet again on Friday, June 28, at 11 a.m.

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Canada. Veterans Affairs
Spec. Cttee on, 1946

SESSION 1946

HOUSE OF COMMONS

UNVER
1946

SPECIAL COMMITTEE

(ON)

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 38

FRIDAY, JUNE 28, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs,

Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board.

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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

FRIDAY, June 28, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Archibald, Baker, Belzile, Benidickson, Cockeram, Croll, Dion (*Lake St. John-Roberval*), Emmerson, Harkness, Herridge, Langlois, Lennard, Macdonald (*Halifax*), McKay, Merritt, Moore, Mutch, Quelch, Ross (*Souris*), Tremblay, Tucker, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board.

The Committee resumed consideration of the draft of the proposed bill respecting allowances for war veterans and dependents.

Examination of Mr. Garneau was continued.

Clauses 2, 16 and 17 and paragraphs (a) and (b) of subclause (1) of clause 18 were adopted without amendment.

Mr. Quelch moved that paragraph (c) of subclause (1) of clause 18 be amended by striking out the words *under the age of nineteen years and is* in the first line thereof.

After discussion, it was agreed that consideration of Mr. Quelch's motion be deferred until the next meeting.

Subclause (4) of clause 19 and clause 19A were adopted without amendment. The draft bill was amended by the deletion of clause 20.

Clauses 21, 22, 23, 24, 25, 26, 27 and 28 were adopted without amendment.

Clause 29 was completed to read as follows:—

29. This Act shall come into force on the first day of August, one thousand nine hundred and forty-six.

Clause 29 was adopted without amendment.

The Schedule of Orders in Council Repealed was amended by the deletion of P.C. 324, January 17, 1941.

The Schedule, as amended, was adopted.

At 1.00 o'clock p.m. the Committee adjourned until Tuesday, July 2, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 28, 1946.

The Special Committee on Veterans' Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: I suggest that we hear the remaining statement from Colonel Garneau and then continue to go through the proposed bill and see what sections we can agree on that are not subject to controversy; then we can go back and start going over and discussing the questions that are subject to controversy. I will ask Colonel Garneau to continue his statement.

Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board, recalled.

The WITNESS: Mr. Chairman and gentlemen, at the last sitting of this committee in the matter of the War Veterans' Allowance Act I was requested to bring down a statement on the cost of implementing the recommendations of the Canadian Legion at its convention recently held in Quebec and submitted by President Major General C. B. Price, CB, DSO, DCM, VD.

Resolution No. 1 deals with basic rates. A table has been prepared showing the estimated cost of increasing the basic rate of war veterans' allowance and dual service pension to the equivalent of 100 per cent war pension under the present Act. This table indicates that the present annual liability of \$10,737,454 in the case of veterans of World War I, South Africa, Northwest Field Force, World War II and dual service pension would be increased by an additional amount of \$12,216,745, bringing the total annual liability to \$22,954,200. To this amount would have to be added the cost of the widows' allowance, the present cost of which is \$1,257,540. This would be increased by \$1,308,810, or an additional total of \$2,566,350 forming a grand total of \$25,520,550.

Resolution No. 2, extension of War Veterans' Allowance Act benefits to veterans who enlisted in the Canadian Expeditionary Force and served outside of Canada as are now granted to men who served in an actual theatre of war within the meaning of the War Veterans' Allowance Act: As at March 31, 1946, it was estimated that there were 59,584 veterans with service in England only during World War I who would be potentially eligible if the legislation were amended. As the War Veterans' Allowance Act now operates, we find that 15 per cent of the potential veterans have been admitted to the benefits of the Act and if the same percentage is maintained with regard to veterans with service in England as above, a further 8,937 allowances might be granted. I think those figures were given at a previous session. As at December 31, 1945, the average yearly rate of allowance to veterans only was \$426.52. Thus the annual liability on this score would amount to 8,937 multiplied by \$426.52, or \$3,811,809.24.

As regards the widows of the above class of veterans, it is found that 2,000 widows out of a potential eligible group of 55,000 applied for widows' allowances during the first year of the legislation, or approximately 4 per cent. If the Act were amended to include veterans as above, there would be a further potential group of widows of 9,402. If the same percentage applied to this group as under present regulations, this would amount to 376 widows. As at December 31, 1945, the average yearly rate payable to widows only was \$386.63 and using this figure as a basis for computation, the additional annual liability would be \$145,372.88.

Resolution No. 3, war veterans' allowance for Imperial veterans: The Canadian Legion urged upon the dominion government action to extend the War Veterans' Allowance Act to ex-Imperial veterans under the same conditions as to Canadian veterans other than on the question of pre-war domicile, providing such Imperial ex-servicemen were residing in Canada on September 1, 1930, or have since resided in Canada or who may have had continuous residence in Canada for a period of 20 years. Reference has already been made to the cost of admitting the ex-Imperials to the benefits of the War Veterans' Allowance Act in a brief statement contained on page 333 of the minutes of proceedings No. 10 of Thursday, May 2, 1946. According to this statement, 4,639 veterans would appear to be eligible at annual cost, under the present Act, of \$1,978,626.28. It is also estimated that 185 widows of these veterans might thus be eligible at an annual cost of \$71,526.55, or a total additional annual liability of \$2,049,152.83.

By the Chairman:

Q. What was the total amount of that? Did you figure that up?—A. I do not think I have. I could total that up, though.

Resolution No. 4, suspension of war veterans' allowance while in hospital: "Be it resolved that in all cases where treatment is required in excess of one month, that the local administrator be empowered to pay one month's allowance on discharge." This resolution is covered by section 22, subsection (3) on page 10 of the proposed bill, which reads as follows:—

The board may in its discretion continue payment for a period not exceeding three months as part of the allowance to a recipient without dependents when such recipient is maintained at the expense of the department as an inmate of any institution, and who would otherwise suffer hardship if no part of the allowance were paid.

Resolution No. 5, extension of benefits to chronic invalids: The Canadian Legion recommends that the War Veterans' Allowance Act, widows' allowance regulations and dual service pension order be amended to provide for the continuance of the allowance in respect of children and orphans who are chronic invalids beyond the age of 21 years. This resolution is taken care of by section 18 (2) on page 9 of the proposed bill which reads as follows:—

(2) Notwithstanding anything contained in subsection (1) of this section, allowance may be paid under this Act on behalf of a child over the age of 21 years who is prevented by physical or mental incapacity from earning a livelihood where such child is residing with his or her surviving parent: provided that no allowance shall be paid unless such incapacity occurred before such child attained the age of 21 years.

There appears to be no way of estimating the cost of this amendment, but it is not believed that the amount involved would be large. This amendment, was discussed by the committee on 14th June, 1946, at page 937 of the minutes of proceedings No. 32, and accepted by the government and apparently endorsed by the committee. It should be noted, however, that this proposed amendment does not cover the orphan bereft by death of both parents.

The CHAIRMAN: We had got as far as page 8, clause 15 of the draft bill. Clause 16 follows the recommendation of the parliamentary committee which went into the question of this matter very carefully, I think, in 1941. Now it is proposed to embody it in legislation. Is that agreed to or is it the desire of the committee to have that stand?

Mr. QUELCH: I think you had better let it stand, Mr. Chairman.

The CHAIRMAN: Then clause 17, payments continued after death of recipient. That is in the Act already, section (1) of it, providing for payment to the widow or for the benefit of any child of the recipient for 12 months after the death of the recipient.

Mr. LENNARD: Mr. Chairman, could not the board have more leeway there? There are cases where there is hardship and allowances should be continued for more than a 12 month period. I do not believe that everybody should be kept forever; I am not advocating that at all. But there are isolated cases where conditions are such that I feel that help should be extended for a greater time than this 12 months.

The WITNESS: That is provided for at present by the widows' allowances.

Mr. LENNARD: Oh, yes.

The WITNESS: We continue the allowance at the basic rate that they were getting at the time of death; and then as that expires, if she is still in necessity, she comes in under the widow's allowance.

Mr. LENNARD: That is all right. That satisfies me.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then subsection (2) is a new section, and that provides for payments after death of wife or child of recipient, that the payment can be continued in respect of the wife or child for a period of one month after the death of the said wife or child. That is new. Would you explain that, Colonel Garneau?

The WITNESS: That is merely to facilitate administration. As the Act now stands, when a veteran dies the married rates have to be reduced right away and it takes a month—or perhaps I should not say a month, but 10 days, 2 weeks or possibly 3 weeks to make an adjustment on the cheque, to continue the payment to the widow at that moment. We are just asking authority to allow an overlap in the amount payable at the time of death to enable us to adjust the allowance on the continuation basis that we just discussed, without causing any hardship or delay in the payment of the cheques. It is really to facilitate handling and administration. It does give a little benefit to the widow and avoids overpayment which technically would occur as the cheque sometimes goes out at the higher rates before we know of the husband's death.

By Mr. Herridge:

Q. It is to prevent a lot of minor irritating adjustments?—A. Yes. It is to facilitate and make the operation of the administration a little more simple.

By Mr. Wright:

Q. It would obviate the necessity of asking for refunds in a great many cases?—A. Yes, by avoiding overpayments.

By Mr. Quelch:

Q. Just as a point of information, could we let (2) stand for a moment and revert to 17 (1)? I should like to ask whether, in the event of the allowance

being discontinued at the end of 12 months, and the widow becoming incapacitated through illness, it is possible then to start the allowance again?—A. Yes.

Q. Even though she has got the widow's allowance?—A. If she is incapacitated? Did you say "is incapacitated" or "is not incapacitated"?

Q. If she becomes incapacitated after the end of 12 months.—A. Yes. She would come in under the general provision of the Act for widows under the age of 55 years and incapable of providing for their maintenance. It would be a straight widow's allowance deal. We do not take her physical condition even into consideration in continuing the allowance for 12 months after the death of her husband.

Q. Would that only be when it is considered that her illness was of a nature that caused permanent disability?—A. Yes, permanent or such handicaps or insufficiency as to prevent her from earning a livelihood. If she be 55, it is practically automatic at that time if she is in necessity. It is merely a transfer of form, so to speak. Naturally under the present rates though, there is a slight difference in the amount payable because at the present time if she was getting the maximum allowance, she gets the maximum basic rate during the 12 months, say \$40 a month. Then when she goes on the widow's allowance all we can pay according to statute is \$30.41 as the maximum.

Mr. Wood: Unless she has children.

The WITNESS: Unless she has children, of course. I am taking the case of a widow without dependents.

By Mr. Quelch:

Q. The fact that she has got the widow's allowance would not prevent the allowance being paid?—A. No.

The CHAIRMAN: Is subsection (2) carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Would you explain the change in regard to clause 18, outside of subsection (2) which provides that payment may be made in respect of a child over 21 who is incapacitated and living with its parent. That is new, of course. But is there anything new in (a), (b), (c) and (d)?

The WITNESS: No. That is the same as in the present Act, Mr. Chairman; a male child of sixteen or a female child of seventeen, with the exception provided in subsection 2. That is as the Act operates at the present time.

The CHAIRMAN: Is clause 18 carried? I think we can say carried to subsections (a), (b), (c) and (d).

Mr. WRIGHT: What about clause (c)? I would like to raise a question on the clause (c). These allowances are carried on up to the age of nineteen years if the child is making satisfactory progress in a course of instruction approved by the board. If we allow that to remain at nineteen it means that so far as these children are concerned they have no allowance on which to go ahead and take a course of training in college. It seems to me that under rising educational standard in Canada that where a child has reached satisfactory progress and wants to go ahead and take a course in college we should make it possible to have that allowance paid while he or she continues such a course. Otherwise these young people would not have any assistance except so far as high school is concerned. With most young people high school is completed by the age of eighteen. I think that should be changed.

Mr. Wood: Mr. Chairman, I suggest that the likelihood of any child of a widow being in a financial position to enable it to go to college would be extremely remote. The college term, for maintenance plus fees costs approximately about a thousand dollars a term, and if she is so poor as to qualify for

the war veterans' allowance I suggest that the likelihood of her being able to finance any term in college for her child or children is an extremely remote likelihood.

Mr. WRIGHT: But there are other sources of income for these children. There may be relatives willing to assist financially, and the continuation of this allowance would be a very substantial help to the child. If there were other sources from which this child might receive a measure of assistance, if we allow this additional amount it would certainly be quite a help.

The WITNESS: If a child is getting some help sufficient to enable him to go to college, I am afraid the board would have to take the view that that child was not in a dependent condition and was not of necessity dependent on the widow, so he would be barred by that very factor, that he was getting outside help in getting his education from other sources, anyway.

Mr. WRIGHT: I would consider that they were taking a very, very narrow view if that were the view they took. Why, for instance, if the relatives themselves were prepared to assist that child in getting a college education and your board ruled that such assistance would automatically cut off the allowance; I would say that that is a very narrow interpretation of the Act.

The WITNESS: Well, it is a matter of opinion, but I think we have to interpret the Act as we find it, and that was provided, as I say, to enable a widow to get a larger amount to provide for the child who did not have any other means and allow that child to finish his high school education anyway, and they felt that nineteen years of age was a reasonable time limit at the time that order was passed; but if the child is assisted by other means, and was not dependent strictly speaking on its widowed mother; well, it would be pretty hard to justify continuation of the allowance at married rates on account of that child when he is provided for elsewhere. It is purely a matter of trying to interpret the law, not too narrowly but as we find it.

Mr. WRIGHT: Well, take the case of a child at nineteen, the widow being situated in the country has to send that child to some large centre to get that facility, and this present allowance for children would not begin to meet all of that expense, and in a case of that kind quite often assistance is received from other sources for the child. For instance, one might consider the case of a child who does some work in the home, assisting in the care of children and that sort of thing, and in that way she receives an allowance on account of board and would in that way be assisting her widowed mother who was receiving a pension on her behalf, and she would be enabled in that way to continue her education.

Mr. QUELCH: Mr. Chairman, I propose that the words "under the age of nineteen years and" be struck out; and it would continue to read "is following and making satisfactory progress in a course of instruction approved by the board; or". Then you could arrange to continue the payment of that allowance. I would suggest that we strike out those words.

The WITNESS: I would feel that would be a matter of government policy and I think I am satisfied to leave it to the deliberations of this committee as to what they would like to recommend.

Mr. QUELCH: If we are to deal with that now, I would move that the words, "under the age of nineteen years and" be struck out.

Mr. WRIGHT: I would second that motion.

The CHAIRMAN: We will take that as a motion and let it stand, then, as apparently it is going to be a controversial. Shall we consider that (a) and (b) are carried; and what about (d), is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then, that leaves (c) standing, with the amendment moved by Mr. Quelch and seconded by Mr. Wright. Now, clause 2; that provides for continuing the allowance in respect of a child over the age of twenty-one years. It reads:—

(2) Notwithstanding anything contained in subsection one of this section, allowance may be paid under this Act on behalf of a child over the age of twenty-one years who is prevented by physical or mental incapacity from earning a livelihood where such child is residing with his or her surviving parent: provided that no allowance shall be paid unless such incapacity occurred before such child attained the age of twenty-one years.

Would you care to elaborate on that, Mr. Garneau?

The WITNESS: That clause was designed to take care of what might be termed distressing cases. As the Act now stands the widow or widower with a crippled child had the allowance reduced to single rates for that child or children at the age of twenty-one, and we felt that as sometimes the child was not sufficiently ill either mentally or physically to be an institutional case, and that the surviving parent naturally desires to keep that child at home and look after it to the best of his or her ability, that it was felt that it would be a nice gesture to continue the allowance at married rate as long as that child remained with the surviving parent in a state of incapacity.

The CHAIRMAN: Would you explain to the committee what that extension meant?

The WITNESS: You mean about orphans?

The CHAIRMAN: No. That it must have occurred before the child had attained the age of twenty-one years, the incapacity.

The WITNESS: That was taken out, so to speak, of a similar-clause in the Pension Act because it would then ensure that the child was in a state of dependency prior to the age of twenty-one. For instance, the child in such circumstances would cease to be a child according to the definition of the Act at the age of twenty-one years, and if a boy or girl went out and started to work at the age of twenty-two or so, and then met with an industrial accident or something which would cripple it, we do not feel that we should then recreate the allowance or an additional amount for such child at that time.

By Mr. Quelch:

Q. I wonder if the witness will explain why orphans are excluded? I am in favour of this clause, but it would seem to need revision and the need of the orphan might be even greater.—A. The idea of leaving the orphan out at that time was that it would be necessary to create, to revive the pension in some cases for the child of a veteran like that, and he might become a state pensioner for the rest of his life, maybe for quite a number of years, and it was felt that the responsibility for that child after the death of the parents would be more a matter of provincial or local responsibility than of veteran responsibility for the balance of his life. Agreed it was the child of a veteran, undoubtedly; and it was agreed to allow the rate to its parent up to the time of the death of the parent. He might be age twenty-nine when the surviving parent died, or he might be age thirty-three or age twenty-four. But after the death of the surviving parent the reason for the allowance being paid at the larger rate in order to keep that family together ceases to exist, and it was thought that after that the child became a citizen and the responsibility of the province or municipality in which it resided.

Q. It would be paid as long as the parent was living?—A. So long as the surviving parent was alive.

Q. It seems a rather strange thing that at the very time that the child is in greatest need would be the time it is completely cut off. It is rather hard to follow the reasoning. There might be some reason for not making the payment during the lifetime of the parent, but when the parent dies it would seem that it should be paid.—A. Well, we felt, as I have stated, that it was a matter of provincial or local responsibility after that.

Q. Would you mind developing that? I am not going to argue against what we have, but I would like to understand a little better the action which is taken.—A. Well, sir, the widow is entitled to the allowance according to the Act. It is a statutory entitlement. The veteran has the same statutory entitlement due to his service; and the child continues to form part of the family unit because it cannot go out and earn a living; it cannot go out and provide for itself due to a crippled condition, either mental or physical; and it was felt that as long as the family could be kept together as a unit, it was a good idea to continue the assistance provided for by that allowance, but when the time came that the last surviving parent died the very reason for the payment of that allowance ceased completely, and that on the death of the surviving member of the family or the parent the child then became a provincial or local responsibility.

Q. But where both parents are dead would you accept responsibility for the child up to a certain age?—A. Up to the age of twenty-one.

Q. And at age twenty-one it ceases, although we considered that child a dependent up to that age?—A. Yes.

Q. If a child is incapacitated in any way he is still a dependent?—A. He is still a dependent but no longer a child.

The CHAIRMAN: The question is, of whom is he a dependent? If the father and mother are both dead and the child is incapacitated then the question is, of whom is he a dependent. We agree to look after the child until he is twenty-one years of age, then surely he is not a child any longer; and the thought is and the reason for this amendment is that we make it possible for the widow or widower to look after the child, and we make provision for the care of the child up until he reaches age twenty. We go further than that and say that if this child passes twenty-one we will continue to pay the allowance given a single man, and that means that you have not got to be separated from your child; we want to do that if it will help you to look after that child, I mean the widow or the widower, and continue the pension at the married level. But once the pensioner has died and when the widow has died, and the child is then thirty years of age, what reason is there to continue the pension to it? It is surely a provincial responsibility.

Mr. WOOD: I think Mr. Quelch if you study it a little bit you will follow our reasoning. The reason we cannot continue the pension after the surviving parent has died is that there is nothing to be paid to the child at all. This is merely a life allowance to the veteran or the widow of the veteran..

Mr. QUELCH: On behalf of the child.

Mr. WOOD: On behalf of the child, a larger pension. When the parent passes entirely out of the picture then there is no longer any veteran's allowance existing because the veteran has gone. To do anything beyond that would mean that you would have to continue it throughout the lifetime of the child, and that would mean the setting up of a system of veteran's allowance which would carry into the second generation; and I know the members of this committee know full well the evils that might creep in under such a system. It is just because the recipient of the war veteran's allowance has gone that the benefits expire, except in the case of an orphan under the age of twenty-one. It is supposed to be the responsibility of whatever branch of society accepts responsibility for incapacitated people.

Mr. MERRITT: What is that branch?

Mr. WOOD: It varies according to province under provincial law. Some provinces have homes for incapacitated people, while others pay an allowance while they are living in their own homes. There is no standard pattern across the dominion. It has been our hope that possibly a dominion-provincial arrangement on a more national pattern might have been achieved, and the responsibility definitely set with respect to the dominion, the provincial or municipal authority responsible. At the present time there is no national standard.

Mr. HERRIDGE: In British Columbia dependents such as these would eventually come under the Social Assistance Act and the director of social assistance would be required to look after such a case. Is there any contact between the war veterans allowance department and that social assistance department in British Columbia? Do they have knowledge of the fact that the war veteran's allowance has terminated because of the death of the father and mother? What is done to see that these dependents are cared for under the provision of the law as they are at the present time?

Mr. WOOD: The social service division of our department will make itself responsible to see that representations are made in the proper quarters. I mentioned the other day that we are building up a new social service division. After all, the work of the Department of Veterans Affairs is like the social welfare. All the expenditures under the War Veterans' Allowance Act are for purposes of relief. We believe we have reached the point where we now need the assistance of an up to date and modern social service division. At the present time it is being done by our department through the medium of our investigators, the investigator who originally investigated the application for war veteran's allowance, and I would consider it a responsibility of ours to see that when an allowance terminates representations are made to the proper authorities.

Mr. McKAY: I should like to ask a question about the position of a daughter or sister who has taken care of a pensioner. We will say he was so incapacitated he died prematurely and that after ten, fifteen or twenty years the daughter or sister would be left uncared for. She is past the employable age. She may be incapacitated in so far as health is concerned, and so far as I can see there is no provision made for her. That is providing there was no incapacity prior to the age of 21.

The WITNESS: I should like to have that question put again. I do not quite follow it in some respects.

Mr. McKAY: I will put it this way. I was assuming two cases, the sister of a veteran or the daughter of a veteran whom we will say looked after the veteran during his life presuming, of course, that he is a pensioner. He may be incapacitated either physically or mentally. The sister or daughter would not be incapacitated but suppose in the course of time the pensioner dies. The woman by this time is probably 40 years of age. She has not been trained for any position of any kind. She may be incapacitated in so far as health is concerned. Is any provision made at all in a case of that kind? From what I have heard I would assume there is not.

Mr. WOODS: That is a question that arises under the Pension Act and not this legislation.

Mr. McKAY: This has to do with veterans allowances payable in respect of other ex-service persons.

Mr. WOODS: I thought you made reference to a pensioner with a heavy disability.

Mr. McKAY: I did.

Mr. WOODS: His dependents would come under the Pension Act, not under this Act.

Mr. McKAY: They do not come under Pension Act as I understand it, do they?

Mr. WOODS: You were referring to dependents for a pensioner with a heavy disability. Orphans are provided for under the Pension Act up to the age of 21 if necessary, and a housekeeper is also provided if there are dependents of dependent age. When the pensioner dies if these dependents of dependent age exist and they need a housekeeper certainly provision can be made, but if there are no children of dependent age there is no provision under the Pension Act for the person who has formerly been a housekeeper.

The CHAIRMAN: May we declare subsection 2 carried?

Mr. MERRITT: I cannot find it, but the other day I believe there was a discussion about section 19, clause 2 and the residence restriction with respect to a child appears also in clause 2. It seems to me that clause 2 of section 18 should stand to be considered with clause 2 of section 19. I think Colonel Garneau was going to make a statement on that matter.

The WITNESS: We are preparing a brief on that. I think Mr. Gunn might say a word or two as head of the legal branch of the department. There are many legal factors involved in that question. I think that is under preparation and will be given the committee very shortly.

Mr. MERRITT: I think the section should stand until it is given.

The CHAIRMAN: I have no objection to subsection 2 standing, but it has got nothing to do with that.

Mr. MERRITT: Where such a child is residing with his or her—

The CHAIRMAN: That is the whole basis of continuing it.

The WITNESS: That is the whole basis of continuing it under section 2.

The CHAIRMAN: To enable them to keep their homes together. That is the only purpose of it.

Mr. MERRITT: I would just raise this point. I am prepared to argue it now but I thought you were going to let it stand.

The CHAIRMAN: If there is going to be an argument about it we may as well let it stand.

Mr. MERRITT: The point I want to raise is as I read the section at present if that child who is suffering from a physical or mental incapacity was taken away for treatment from the home and was away not permanently but say for a year or three months then under that section the allowances could not be paid.

Mr. GUNN: May I make this remark? The interpretation that is placed on the word "reside" as used in this particular sub-paragraph allows a certain amount of liberality. It is not confined to the actual continued physical fixation of the individual under the same roof as the other. So that it takes care of such cases as a child being taken to a hospital for treatment, a child undergoing certain kinds of care in other places. This remark I am about to make now does not apply particularly here, but it even extends to the case of children who are forced to leave the family home temporarily to go to school in another place, perhaps to reside with an aunt or even in a boarding school. It is purely a matter of determining where the normal residence of that individual may be.

The CHAIRMAN: It is almost like domicile, is it not?

Mr. GUNN: I do not know if I would agree with that. Domicile, as you know, imports such a large field.

The CHAIRMAN: As I understand it you have interpreted it that if a child went away for a year to live with another relative for the sake of its health with the intention of returning, it would even cover that?

The WITNESS: Yes.

The CHAIRMAN: As long as there is animus revertendi.

Mr. MERRITT: I would be very happy with that liberal interpretation of the word, but I do not think it is the strict legal interpretation. Could it not be covered by changing it to read "where such a child is a normal member of the household of his or her surviving parent".

The CHAIRMAN: When it is being interpreted in such a way that it is satisfactory I do not like to see changes.

Mr. MERRITT: It is a new section.

The CHAIRMAN: The matter of residence has been interpreted under the other section in a very generous way, a very satisfactory way, and the same rule would apply here.

Mr. HERRIDGE: I want to mention this fact that comes to my mind. I am awfully interested in the way the gentlemen of the legal profession interpret words. That is a liberal and broad interpretation given by the adviser to the department here to-day, but under the Family Allowances Act I have got just the opposite interpretation with regard to what residing means. There it does not mean going to school or leaving the parents' home.

Mr. GUNN: I am not in a position to answer that. I would have to see the statute and study the context.

The CHAIRMAN: It is a matter of the purpose of the thing.

Mr. QUELCH: As long as the child is in a hospital or some form of institution the allowances no doubt would have to be paid by the parent to that institution. How long would the child have to be in that institution before it was no longer considered a resident?

The CHAIRMAN: It would be a question of fact. If it was quite clear that the child never could return home and be a part of that household then, of course, obviously it would not be normally residing with the parents if it was there for a matter of treatment in a sanatorium that might take two or three years.

Mr. QUELCH: In that case if the parent could not afford to pay the fees of the institution the child would be leaving home and would not be eligible for an allowance and in that way we would be depriving the child of the care required in the institution.

Mr. GUNN: The child would become a public charge, a charge on the revenues of the particular province in which he is found.

Mr. WRIGHT: What would be the situation in the case of a child in a province where they provide free tubercular care and the child is sent to a tubercular hospital? Would the allowance continue to be paid in that case?

Mr. GUNN: No, it would not. Wherever public funds are used for the maintenance of the child in another place then the allowance is not continued.

Mr. QUELCH: Would it not be well to use the word "domicile" instead of "residence"?

Mr. GUNN: No, I do not like it. It is capable of so many different conceptions. I certainly feel we would be getting into trouble if we used any other expression than "reside" here in view of the fact, as the chairman has pointed out, it has been used in other sections and has been given a very understandable and, I think, generous interpretation.

Mr. MERRITT: Mr. Chairman, I have found the passage. It is at page 908 where this question came up on the other section. I think it is section 19, and it reads here:—

The CHAIRMAN: I am very glad Mr. Gillis brought that up, because I think it is something we should consider.

Mr. GREEN: Could not the board bring in a recommendation?

The CHAIRMAN: I think they should look into that and give us a statement on it.

The CHAIRMAN: They intend to.

Mr. MERRITT: I feel in view of that passage and in view of the same point arising here this section should stand.

The CHAIRMAN: What I am getting at is they are not on all fours at all. There is going to be a recommendation brought in with regard to the husband and wife living together. I do not know whether you were at our meeting when we decided to try to get through our work, and it was the unanimous desire of the steering committee that we try to conclude our work in less than a month from to-day. If we cannot pass things on which we are in substantial agreement without having them stand then we are not going to get through the work. My only feeling about this is that these things are not on all fours at all. In one case the whole basis is to keep the family together.

Mr. GUNN: The other is a matter of marital relations.

The CHAIRMAN: Whereas the other is a matter of marital relations, the matter of the question of the relationship between husband and wife. Of course, if it is the desire of the committee to have it stand, then it stands. But I am making a very desperate effort to try to get this work done. If I cannot get the co-operation of the committee then I am afraid it will not be done. I was asked on the floor of the House if I would promise that these Red Cross nurses, St. John Ambulance people and so on would be dealt with; my answer was, in effect, that it depends on the co-operation I am going to get from this committee. If we are going to argue and argue about little points, we simply cannot deal with some of these other important matters. That is the point I am making with the committee.

Mr. MERRITT: Before you go on, Mr. Chairman, you suggest that I am arguing about little points. I am only raising the point which you yourself on June 13th stated to have substance. It was agreed that a statement would be brought in on the meaning of this word "reside" with respect to section 19 and I suppose section 19 is therefore going to stand until that statement is made.

The CHAIRMAN: Yes.

Mr. MERRITT: And when that statement is made it will apply to section 18 too. You have stood any number of sections in this, and I think this should stand.

The CHAIRMAN: All right. It stands.

Mr. MERRITT: There is no question of delay or anything of that kind.

The CHAIRMAN: If there is any chance of getting anything through without getting it debated, I want to take advantage of it. But if it is the desire to have it stand, then it will stand. Section 19 stands because of the desire to have a further statement in regard to "residence".

Mr. GUNN: May I say this, Mr. Chairman: "residence" with regard to husband and wife.

The CHAIRMAN: Yes, that is the point. You are standing the other for I do not know what reason, but it is the desire of a member of the committee for it to stand. Section 19 (2) stands. What about section 19 subsection (1)? That has "resides". That stands. Then subsection (2):—

No allowance in excess of \$365 in any one year shall be paid to a person bereft by death of his or her spouse by having a child or children, unless the child or children reside with such person.

That stands. Then subsection (3):—

Subject to subsection (4) of this section, no allowance shall be paid to a widow unless she was living with or being maintained by her husband at the time of his death.

That stands. Subsection (4):—

The board may exempt any widow from the operation of subsection (3) of this section in any case where it seems just and reasonable to do so.

Is that carried, or does it stand?

The WITNESS: That is read in conjunction with subsection (3).

The CHAIRMAN: Yes. That gives the board an option. Is it the desire to have it stand?

Some Hon. MEMBERS: Carried.

Mr. GUNN: It has no question as to residence under subsections (2) and (3). I think not.

The CHAIRMAN: Well, it does, on the basis of what Mr. Merritt has objected to. It raises the question of the child residing with the person.

Mr. MERRITT: Yes. Under (2) the word "reside" appears, and that is the very section that was referred to in the previous clause.

The CHAIRMAN: As the solicitor points out, it only had reference to a man living with his wife. It had no idea of the question of the child at all. It was based on the idea of what involved marital relations. That is why it was stood over for a statement. However, we say that subsections (1), (2) and (3) stand. Then 19A. Did you wish to say something about that, Mr. Gunn, as to the marginal note?

Mr. GUNN: Yes. With respect to the marginal note, while it is very expressive and right to the point, perhaps it ought not to appear in that form in the statute. I am suggesting that in place of the present marginal note we should introduce the words "death of veteran within one year from marriage."

The CHAIRMAN: What did you suggest?

Mr. GUNN: "Death of veteran within one year from marriage."

The CHAIRMAN: That is what you suggest for the marginal note?

Mr. GUNN: Yes, in place of the one we have now.

The CHAIRMAN: The section itself is new. The purpose of it as follows:—

The purpose of this subsection is to prevent a widow being paid the widow's allowance where she entered into what may be termed a "death-bed marriage" with a veteran. This in no way prevents a veteran from marrying at any time he so wishes, but does prevent a widow receiving the allowance who has married a veteran, when he was about to die, for the purpose of being paid an allowance for the rest of her life.

That is new. Is that controversial or can we carry it?

Some Hon. MEMBER: Carried.

The CHAIRMAN: That is carried with the change in the marginal note which is less objectionable. Then we come to section 20, certain alien veterans, their widows and children. That was passed and quite understandably as an order in council. The thought occurs to me as to whether we should embody it in a statute at this time. I do not know what the committee may think of it. For example, Canadians who were of Italian nationality and served in the first great war were entitled, of course, to these war veterans' allowances. Just because their country got involved in a war 25 years later with our country, it seems rather strange to me that for all time we should debar them from the rights of this War Veterans' Allowance Act.

Mr. GUNN: Mr. Chairman, this refers of course to paragraph (d) of section 4 and as you will observe, it deals with "any former member of any of His Majesty's forces, other than Canadian forces, or of any of the forces of any of His Majesty's allies who was domiciled in Canada", and so on.

The CHAIRMAN: Yes. But if he fought to help us win the first great war, why should he be deprived of these rights indefinitely because of what his country did 25 years later, with which he might not have been in agreement whatever? Can he get away from that by getting naturalized? I suppose he could.

Mr. GUNN: Yes, of course.

The CHAIRMAN: But when can he get naturalized?

Mr. GUNN: Any time between the two wars he could have done so.

The CHAIRMAN: Yes. But when can he get naturalized now? I suppose when the peace treaty is signed.

Mr. GUNN: I do not know.

Mr. HERRIDGE: Would you not think that if the man had not received naturalization between the wars, it would look as though he were not very anxious to be a British subject.

The CHAIRMAN: I suppose that is the reason for the order in council.

Mr. QUELCH: Some tried to take out naturalization papers and were not able to get them because they had not sufficient knowledge of Canadian affairs. I know of several cases where men tried to get papers and because they could not answer a question that possibly some members of this committee could not answer, they were refused naturalization.

Mr. McKAY: Mr. Chairman, I agree with what you said. I cannot see much object in having this section in the Act.

The CHAIRMAN: I think it should be left as a matter of war measures and order in council.

Mr. McKAY: I quite agree.

The CHAIRMAN: Because once we put it in this Act, it is here until it is repealed. It is quite possible that an Italian, a good citizen of Canada, might have difficulty in getting naturalized because he could not speak one of the official languages.

Mr. MUTCH: Very often because they were illiterate in all languages.

The CHAIRMAN: What is the recommendation of the committee? Are you in agreement on it or shall we let it stand?

Mr. QUELCH: That is a new section, is it?

The CHAIRMAN: It embodies what is in an order in council.

Mr. MUTCH: Where is it?

Mr. QUELCH: It is a new section in the Act, though?

The CHAIRMAN: Oh, yes.

Mr. QUELCH: Drop it.

Some Hon. MEMBERS: Drop it.

The CHAIRMAN: Is that the unanimous feeling of the committee, just to leave that order in council?

Mr. HERRIDGE: Drop it.

The CHAIRMAN: All right. Deleted by unanimous agreement.

Mr. MUTCH: That is a dangerous word, Mr. Chairman.

The CHAIRMAN: Well, let anyone who disagrees speak now or forever hold his peace.

Mr. GUNN: Mr. Chairman, do I understand this, that it is the direction of this committee that the legislation that is now being considered be retained and continued under the order in council?

The CHAIRMAN: We just do not put it in our Act. We leave it as a matter to be dealt with as a temporary matter, as a war measure.

Mr. GUNN: The reason I mention it is that we are under orders to revoke all legislation that exists by order in council.

The CHAIRMAN: I do not think the committee suggest it should be repealed. It would just be a matter that it is a war measure and would die with the end of the war. That would be the idea of the committee, I think.

Mr. Mutch: That would be the hope, anyway.

The CHAIRMAN: Then section 21, allowance subject to review. That is the same as the old Act. Why is it in here?

The WITNESS: Recasting.

The CHAIRMAN: Oh, yes. It recasts the Act. Is that carried?

Some Hon. MEMBER: Carried.

The CHAIRMAN: Section 22. Is this exactly the same except for subsection (3)? Would you explain subsection (3) and the purpose of it?

The WITNESS: The idea in this case was to take care of the single veteran who is admitted to a departmental institution or any other institution at the expense of the department and whose treatment might be fairly long. He might be 2 months, 3 months away, and very often those single veterans are in lodgings or rooms. We have found quite a few cases where during their stay in our hospitals they lost their lodgings, being unable to keep up the payments because the allowance had to be suspended when a single veteran was admitted to an institution. So this is to enable the single recipient to have a little money to keep up the payment on his rooms or lodgings while detained in hospital for treatment, so that he may find his lodgings when he comes out. That was the only purpose of it, to make it easier for the single man to retain a roof over his head.

By Mr. Merritt:

Q. What is the purpose of restricting it to recipients without dependents?—A. Because for recipients with dependents we only suspend part of the allowance, a nominal amount, and we continue to the wife and children, or to the family, part of the allowance which was in payment at the time he entered, so the home is being carried on anyway for married people.

Q. But it is the single man to whom you could not pay anything while he was a charge upon the department?—A. That was the effect formerly.

Mr. Woods: The board has discretion in all cases. They may deduct only \$1.

The WITNESS: We may deduct \$10 or \$5. Suppose a recipient is living with his wife and one or two children, or maybe more, and we pay \$60.83. He is admitted to the hospital and his treatment may be long. Of course the department looks after him entirely, feeds him, gives him care and medicine and everything; and at the same time he is not a charge on the home for food and everything during that time; so we would, for instance, suspend \$10 and pay to his wife for administration \$50 and the home goes on just the same. But in the case of the single veteran, we have had to suspend it because the expenses are wholly on the government through the department at that time.

The CHAIRMAN: Can we declare that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: That is carried. Then section 23 is the same as section 15 in the Act. There is no change there. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Section 24 is the same as section 15A of the Act, providing for information from the Bureau of Statistics. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: That is carried. Then section 25 is the same as section 17 of the Act, effect of fraud by recipient, and reads as follows:—

The amount of any payments of allowance made by reason of wilful non-disclosure of facts or fraudulent misrepresentations shall be recoverable from the recipient as a debt due to the Crown.

The WITNESS: That was in the old Act.

By Mr. Quelch:

Q. I wonder could Colonel Garneau say to what extent the board has had to use that section in the past?—A. To some extent we have in cases where we find that the recipient has deliberately concealed employment or earnings or accumulated funds and at the same time continued to receive war veterans' allowance. Sometimes very heavy overpayments of an allowance, that should not have been paid at that time because he was self-supporting, were thus created; we have had amounts up to over \$1,000. Sometimes we have found that even when our investigators called on matters of routine investigation or when we have sent in life certificates in which they have to give a statement, they would swear a false declaration; they would not disclose those earnings or their employment to the investigator or on the life certificate form. Naturally that could not be interpreted in any other way but a deliberate and wilful concealment of income, sometimes costing the Crown appreciable sums of money.

Q. I take it that the usual method of recovery would be by stopping the allowance for a specified length of time?—A. If the man continues working, we have to stop the allowance anyway at that time, because paying it and even recovering part of it would create an additional overpayment by the difference in the amount that we would still be paying; it would increase that same overpayment. But if the man stopped working and would appear to be still eligible for veterans' allowance, we would recover by withholding a certain amount from his cheque each month.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Section 26 is the same as section 16 of the old Act.

Mr. GUNN: I wish to make a correction there, Mr. Chairman, if I may. The first line of this clause ought to be underlined. It is new, for the reason that section 16 is new. As you know, it refers to the case of a veteran who wants to maintain his home on the soldier settlement plan.

The CHAIRMAN: Is that carried?

Mr. QUELCH: What is the amendment?

The CHAIRMAN: It provides in section 16 that a man who wants to maintain his home and assign part of the allowance to the Veterans' Land Act administration can do so.

Mr. QUELCH: We are letting that stand. I wonder if we could let this stand, too. Otherwise there is a certain point I want to bring up in regard to another section.

The CHAIRMAN: That is one thing that we probably could settle this morning. Could you deal with it this morning?

Mr. QUELCH: My main point is this. It says "with the consent in writing of the recipient". What do you mean by consent? In other words, it is prac-

tically mandatory. He has to sign that. I ran into several cases where they had just been told they would sign that or they would not be allowed to keep the house, so far as the Veterans' Land Act officials are concerned. From your point of view that may not be the case, but from the point of view of the Veterans' Land Act officials, I think it is mandatory, that they just tell them they will have to sign that or they will not be allowed to live in the house. Perhaps Mr. Woods could say something on that.

Mr. WOODS: I doubt if I could.

The WITNESS: I do not think any such cases have come to the knowledge of the board, because that was formerly in practice in a modified way by agreement with the Soldier Settlement Board, where we could retain—that is we could pay direct to the Soldier Settlement Board of Canada an amount of \$10 when representations were made by the soldier settlement people that the man was willing to assign \$10 and that satisfied the soldier settlement people, who made further arrangements with him on the basis of that assured amount coming in to cover his rental, so to speak. There are not many cases, but it has worked satisfactorily in the odd cases that have come before the board. It has never been the board's impression that there was compulsion used by the Soldier Settlement Board of Canada in effecting such an agreement, because the recipient is given to understand that if he does not wish to sign, as far as we are concerned anyway, we cannot compel him to do so.

Mr. QUELCH: The reason I say it is compulsory is that I discussed this matter with the local agents of the board in Alberta and from their point of view they actually can compel these people to sign that and they consider they should. I am not saying that they should not have that right, but I think they feel they definitely have that right.

The CHAIRMAN: Of course, the committee, when it was weighing this thing and permitting that alienation, did so to help out veterans in making arrangements to keep their homes and so on. Perhaps this will be used in keeping some modest small holdings in the future. It is a right. But when you give a right like this, you always do make it possible for some over-zealous official to simply say, "Unless you do this, you are certainly going to have action taken against you." The committee, when they recommended it, knew that they were making it possible for a situation like that, to arise at times, but they figured that the benefit of the thing far outweighed the possibility of abuse. The only thing I could say, Mr. Quelch, would be that if you know of any case where there has been undue pressure or anything like that, if it was brought to the attention of the minister or Mr. Murchison, I am sure it will be checked up; because it was never intended to be the means of high-pressuring people into it.

Mr. QUELCH: I think under the Act it is definitely the policy. I think it is the definite policy at the present time. Would Mr. Woods say that? I think under the regulations you find that too.

Mr. WOODS: The reason for inserting section 16 into the Act is the fact that the soldier settlement people for years approached the War Veterans' Allowance Board and wanted us to pay part of the allowance that a man received to the Soldier Settlement Board. We took the view that we had no power to do that, that parliament gave us no authority to do that; that we are allowed to pay an allowance to a veteran or to someone to administer on his behalf if he is incompetent, but that we have no power to pay to any director of the Veterans' Land Act or anybody else for the purpose of liquidating debts. We were, however, persuaded. The board was persuaded that it was in the veteran's interest to do so, particularly if he was willing; so this was inserted in the Act, that if he was willing, then we would be prepared to pay a certain amount in order to enable him to retain his home.

Mr. QUELCH: The wording was put in particularly "if he is willing."

Mr. WOODS: Yes. I had not heard that the soldier settlement people had threatened him with eviction unless he did pay, and I think the chairman of the board would undertake to negotiate this with Mr. Murchison and agree to say that if compulsion was used, the board under its Act would not feel compelled to pay the director.

The CHAIRMAN: Because the veteran had not really consented.

The WITNESS: I would strongly object to any compulsion if it appeared that the veteran had just been led to sign a sort of shot-gun agreement or anything of that kind. Our board would certainly resent it. I might again draw your attention to the wording of the section which says, the Board "may" not "shall". "with the consent of the applicant in writing." It is not only a verbal agreement but "may" and "with the consent of the applicant in writing"; so it goes to a considerable distance to protect the recipient in such matters, and cannot be paid under any agreement that would create any compulsion on the recipient.

Mr. QUELCH: I am not suggesting for one minute that you use compulsion. You may not be familiar with it, but the settlement board have used compulsion. I am suggesting that the veteran on the land who applies for the war veteran's allowance is compelled to spend a certain amount of that allowance to repay for land. The type of man I have in mind is the one who is in bad financial condition, cannot pay for his land, and an arrangement is made whereby he can have the land, a small piece of land, and the benefit of the buildings and at the same time get the war veteran's allowance; and then it is suggested to him by the Veterans' Land Act officials that he should assign a certain amount of that allowance to the Board. And I would suggest that if a soldier is told that when the agreement is made that it should be changed. He should not be obliged to assign any of that money for that purpose. And where he is allowed to retain these buildings and the small piece of land his getting the war veteran's allowance is said in many cases to be conditioned upon his signing away a certain amount of the allowance. I know that is being done. Whether it is being done with your knowledge and participation, I do not know.

The CHAIRMAN: I might point out that a parliamentary committee recently dealt with that very thing, and the purpose was that a man should be able to make arrangements so that he could keep his home in that way. The reason for putting in the provision there that it must be with his consent was to protect him from the very type of abuse to which you have just referred. Of course, there is always a possibility of abuse, and there is a possibility of some person figuring that the applicant is in a better position financially than he really is, and insisting on his signing such an agreement.

Mr. QUELCH: I have attained my objective, I hope; that it will receive consideration.

The CHAIRMAN: Yes. Then, can we declare that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then, shall we carry 16. That is carried. Then we can declare 26 carried.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: 27—that is the same as section 19 of the Act.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Shall clause 28 be Carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: 324 should be deleted because that is a matter which is dealt with under order in council. Subsequent to that shall clause 28 carry?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Is it not all right to have this come into force when it receives Royal Assent, Mr. Garneau?

Mr. GUNN: It was left open originally, Mr. Chairman, for the reason that there was certain legislation and orders in council then pending and we did not know whether the subject matter of these orders in council was going to be placed in this Act or not:

The CHAIRMAN: Of course, there is this about it, there are certain facts that we are placing in here which it would be a good thing to have starting at the beginning of the Act. What date would you suggest, Colonel Garneau? The first day of—

The WITNESS: Of the month in which it receives assent.

The CHAIRMAN: We may as well say it comes into force the first day of August. We will surely get it through by then.

The WITNESS: Or September.

The CHAIRMAN: The first day of September. that would give you time to make your arrangements. Is that satisfactory to the committee; the first day of September, 1946?

Mr. QUELCH: Why do you make it so late?

The CHAIRMAN: To give them time to make arrangements and so on, because I doubt if we will get it put through the House until the middle of August, or the middle of July, and it gives them a little better time to make arrangements and so on. I think if we have it brought into force as of the first of August. We should have it through the House by then, I imagine. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: In regard to the Pension Act the insurance principle was brought into force at once by order in council as of the first of June.

Mr. QUELCH: That is why I wondered why you made it so late as the first of September.

The CHAIRMAN: Would you be ready for the first of August?

The WITNESS: I think so, there might be certain adjustments, there might be delays in actual adjustments, but whatever was brought into effect by the Act could be given effect to as of August 1.

The CHAIRMAN: Then we will put "August" instead of "September".

Some Hon. MEMBERS: Carried.

The CHAIRMAN: What is the first section we let stand? 2 (b)—"applicant" means any person who has made application for an allowance or any person on whose behalf application for allowance has been made. Can anyone tell me why that was allowed to stand?

Mr. GUNN: I think I can, Mr. Chairman. A member of the committee suggested that it was desirable to have uniformity of designation and referred particularly to the question of "theatre of war" not being in accordance with similar expressions used in other acts. Now, as to that Mr. Chairman may I say that it has been the practice of the department in drafting legislation of this kind wherever applicable to word a definition similar to the wording used in the War Service Grants Act, 1944. We attempted to take that as basic. However, in drafting the definition of theatre of actual war we found that there was no such definition in the War Service Grants Act of 1944, and that Act deals only with service in World War II. As to other legislation respecting conditions it is noted that the appropriate provision of the bill to amend the Pension Act has the definition of service in a theatre of actual war. The

meaning of that expression with respect to World War I is the same as that used in this proposed bill with the exception that where we have used the words "service in an actual theatre of war", the words "in other places at which the member of the forces" are used in the Pensions Bill. And now, the War Service Grants Act does define overseas service as reading "any service involving duties outside—and so on." You will remember it was a quite lengthy definition.

The CHAIRMAN: Yes.

Mr. GUNN: And then it goes on to define western hemisphere; then we find that it combined the definition of the expression "overseas service" with "western hemisphere" as used in the War Service Grants Act, making them applicable to a full theatre of actual war. Our definition of a theatre of actual war would read in the case of World War II—it would be very lengthy, Mr. Chairman. I have it set out here in full. It would read like this: "any place outside the Western Hemisphere, any place outside of Canada and the United States of America and the territorial waters thereof in aircraft or anywhere in a ship or other vessel, service in which is classed as 'sea time' for the purpose of advancement of naval ratings, or which would be so classed were the ship or other vessel in the service of the naval forces of Canada; for the purposes of this subparagraph, the expression "Western Hemisphere" means the continents of North and South America, the islands adjacent thereto and the territorial waters thereof including Newfoundland, Bermuda and the West Indies, but excluding Greenland, Iceland and the Aleutian Islands."

Our definition is changed slightly and it is considered to be worded better as relating to a theatre of actual war, the way the Act I have mentioned, the War Service Grants Act, defines overseas service. The whole thing is this, Mr. Chairman, that these several Acts proceeded with different objectives and their clauses are not the same, and the benefits flow by reason of various kinds of service. And I think, Mr. Chairman, that it would be heading for a lot of trouble if we attempted at this stage to keep them all uniform. Most of these Acts have been in force for a good many years and are reasonably well understood by the administrative staff; and the result is that I am not prepared to recommend that this be changed in any way.

The CHAIRMAN: Do you know why subsection 2 (b) stood? I cannot imagine why we should stand over 2 (b): "applicant" means any person who has made application for an allowance or any person on whose behalf application for an allowance has been made.

Mr. MERRITT: I have a note here that Mr. Poitras asked that it be allowed to stand over. I believe it was understood that there would be a new section forthcoming.

The CHAIRMAN: Then we will say it is carried.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then, 2 (d) is a definition of child: "child" includes a step-child, an adopted child or a foster child of a veteran;

Mr. CROLL: That it did not stand.

The CHAIRMAN: Yes, I have it marked "stand".

Mr. CROLL: I have it marked "passed".

Mr. MERRITT: The same reason applies, Mr. Chairman.

The CHAIRMAN: I wonder if there is any objection to that. It seems to be all-inclusive.

The WITNESS: It adds three classes of children to those we have in the present Act.

Some Hon. MEMBERS: Carried.*

The CHAIRMAN: The next one is 2 (i) (iii). That is what Mr. Gunn is speaking about, the wording of the definition of World War I:—

World War I, which for the purposes of this Act shall be deemed to have commenced on the fourth day of August, one thousand nine hundred and fourteen and to have concluded on the twenty-first day of August, one thousand nine hundred and twenty-one; or

That is just defining what we mean by World War I.

Mr. GUNN: There is a typographical error there because it should be "thirty-one" instead of "twenty-one".

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then, the next one was 2 (i) (iv), World War II, which commenced in September of 1939. That just indicates what war we are talking about.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: The next are 2 (j) (iii) and (iv). That is what Mr. Gunn was speaking about. Two (j) (iii) defines the theatre of war in World War I; and there is no change there, it is the same as it always has been. Is not that correct?

Mr. GUNN: That is right.

The CHAIRMAN: And with regard to (iv), as I understand it, it says:—

in the case of World War II, any place outside of the Western Hemisphere, any place in a seagoing ship of war, or any place in an aircraft outside of Canada and the United States of America and the territorial waters thereof, etc.;

Then it takes in the Western Hemisphere the same as now. That seems to me to be clear. Is it satisfactory to you?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: The next one to be stood over was 3 (6).

Mr. GUNN: Mr. Chairman, I have been instructed by the minister to say that he is willing that these two words be deleted from the clause. He is not satisfied as to the necessity for them being there, and I am simply making that proposal on his behalf to this committee.

The CHAIRMAN: Would you like to speak to that, Colonel Garneau?

The WITNESS: In connection with that, naturally I can do no more than bow gracefully to the wishes of the minister. The section had been put in at that time by my predecessor in order to bring the standing of the chairman of the board in line with standing of the chairman of the Canadian Pension Commission and that of the director of the Soldier Settlement Board of Canada, and the Veterans' Land Act. Now, that was the purpose of that moment. It did not give me as chairman any extraordinary powers or anything very special except the advantage of approaching the minister directly, or the Civil Service Commission; and the advantage of standing or prestige and so on. However, if it is the minister's wish, as I said a moment ago, I can do no more than accede to same; but corollary to that at this moment and arising I think from a discussion regarding the quorum of the board and the functions of the board would be in order and I would like to put on record here a brief statement of what actually the functions of the board are.

When the matter of the quorum of the board came to the attention of this committee, there appeared to be some doubt in the minds of some members as regards the responsibilities and functions of the board.

My colleagues asked me to give a brief statement touching this question.

As defined in 3 (11) of the proposed bill, which was carried over from the present Act, the board is described as having "full and unrestricted power and

exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any allowance under this Act, and to the recovery of any over-payment which may have been made".

In considering applications, there are facts that are determined by records such as a man's identity, nature of his military service, his age (established by birth certificates, family bibles, naturalization certificates, etc.), but the board must also consider the financial and industrial history and circumstances of an applicant; if he is under sixty years of age, his physical condition is determined by a medical examination.

When the medical examination reports reach the board, they are studied by the board's medical adviser, who further comments upon the man's apparent physical condition and who submits to the board his opinion thereof. The board is, of course, guided to some extent by these medical opinions, but they are not in themselves binding upon the board with regard to its decisions. It frequently happens that medical opinions are conflicting; that the board is called upon to deal with so called border-line cases, where doubt is expressed as to the eligibility of the applicant on medical grounds, etc. In such cases, the board has to make a very careful study of such reports and opinions and must take into consideration all other determining factors in order to arrive at a fair and equitable decision. Some of the factors involved concern the past and present industrial history of the applicant; the economic conditions in the place where he resides; his domestic situation with regard to dependents, etc., and whether or not, in the opinion of the board, the applicant is incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency. All these aspects form an integral part of the picture and must be carefully considered as a whole. Of course, where the medical reports definitely establish a *prima facie* or obvious condition of severe disability, physical or mental, the board's decision is facilitated.

In cases where the board has decided that an award is indicated, it must then take into consideration the domestic circumstances and financial condition of the applicant, in order to determine the amount of the allowance which is to be granted. It will be quite obvious to the members of this committee, particularly in their present study of the bill, that there are many points which the board must keep in mind when reaching a decision; for instance, the situation of an applicant living on a farm is ordinarily quite different to that of a veteran who is living in a city. The veteran on a farm usually has available certain food and fuel perquisites, he may own his farm or be purchasing same on a low rental basis or he may be renting same outright at modest cost, but the recipient in the city, ordinarily speaking, has to pay cash for everything he needs; he must patronize the butcher, the grocer, fuel merchant, etc. for the most of his needs. He may own the property in which he resides, but his taxes are normally much higher in the city than in the country. Rentals are also substantially higher in town; again, all these factors must be considered in setting the amount of the allowance. There is a maximum beyond which the board cannot go, but any award within this maximum is subject to the income of the recipient. The amount is not determined by a table of percentages, such as is the case of war disability pensions, but must be established in such an amount as will not exceed the maximum permissible, having in mind also the exemptions provided in the legislation.

Thus, as the financial situation of a recipient is always a determining factor in the amount of an allowance payable, first awards have later to be reviewed from time to time in many cases in order to determine whether the circumstances, which warranted the payment of an allowance originally, have changed. By the same token, the board may be called upon to reconsider cases previously declined, for one reason or another and, while we dealt with 5,286 original

applications during the past fiscal year, the board also reviewed, during the same period, 16,360 cases. While a proportion of these reviews may be simple adjustments, a good number of them, due to a change in circumstances or physical condition, etc. require the same, or even greater study, on the part of the members of the board than that of an original application in determining the continuation, cancellation, increase or decrease in the amount of allowance.

In concluding, I believe that there is no great difference between the deliberations of this board and those of the Pension Commission. Like the Pension Commission, the board is called upon to determine what interpretation must be placed on legislation, and translate this interpretation into a decision which constitutes an award or otherwise. While administration necessarily enters the picture, the primary function of the board is to adjudicate. Its decisions are without appeal to any other body or persons, but it is always prepared to reconsider a case and change a previously unfavourable decision if evidence shows that circumstances have changed so as to permit a reversal of such a former decision.

Mr. HERRIDGE: I should like to say a few words. When this section was under review previously I was one who raised some questions in connection with it. It seems to me there is a lack of administrative uniformity in the department. Personally it is my opinion that if the chairman of the Pension Board, the chairman of the Land Settlement Board and the Veterans' Land Act administration rank as deputy ministers that same principle should apply through all the sub-departments of the Veterans Affairs Department. I do think that causes some confusion in the public mind. I think myself that the minister can actually only have one deputy. Personally I would rather see the heads of all these departments known as associate deputy ministers so that there is administrative uniformity throughout the whole department, but if that is not going to prevail I should like to see the chairman of this important board receive equal standing with the chairmen of the other boards.

Mr. LENNARD: I am not going to repeat what I said the other day, but I am of the same opinion. You can only have one deputy minister.

Mr. QUELCH: I agree entirely with what Mr. Herridge has said. We should only strike these words out if it is the intention to do likewise with the Veterans Land Act and also the Pension Act. I think there should be one deputy minister to act in the absence of the minister but if, on the other hand, the chairmen of the boards under the Veterans Land Act and the Pension Commission are to be deputy ministers then I can see no reason why you should not have the same thing here. I do think it would be better to make them all associate deputy ministers as Mr. Herridge suggests.

The CHAIRMAN: All I can say about this, and the peculiar position I am in is, that this is largely a matter of administration of a department. The minister has indicated what he thinks about it and how he would like to see the thing handled. My own feeling is, and I would think all members would agree, that if they were in the position of the minister on a question of how his department is organized they would like to have their wishes deferred to. What is the intention with regard to the other matters mentioned I cannot say. That will have to be announced in due course.

Mr. LENNARD: I did not hear what the minister's wishes were.

The CHAIRMAN: Would you just repeat that again?

Mr. GUNN: He feels that the new words introduced into this clause are really not necessary and it is his wish that they be deleted.

The WITNESS: Would you care to give a statement as to the minister's reasons?

Mr. GUNN: While I am on my feet I should like to say that I find myself in complete agreement with the members of the committee who expressed the belief there should only be one deputy minister unless the statute specifically states that he shall be a deputy minister for certain purposes. The powers of a deputy minister are outlined in section 31 of the Interpretation Act which provides that words directing or empowering a minister of the Crown to do any act or thing, or otherwise applying to him by his name of office, include his lawful deputy. From this it would appear that the deputy minister has under certain circumstances the powers of a minister. I stress that word "powers".

In anticipation of some debate arising on this subject I examined certain other cases throughout the civil service where somewhat similar expressions are used. Incidentally I might refer to the Civil Service Act itself which defines deputy or deputy head to mean and include the deputy of the minister of the Crown presiding over the department, the clerk of the privy council, the clerks of the Senate and the House of Commons, and certain other people.

Mr. CROLL: How many deputies have we in the department now?

Mr. GUNN: Only one.

Mr. CROLL: Mr. Murchison has not the standing of a deputy?

Mr. GUNN: According to his act he has the standing and powers of a deputy for the purposes of his particular job.

Mr. CROLL: Brigadier Melville has that for his particular job?

Mr. GUNN: Let me see. As to the Pension Act I can deal with that better by quoting the section of the Pension Act which is applicable, section 3 (9).

The chairman of the commission shall have the rank and the powers of a deputy head of a department for the purposes of this Act and shall have control and direction over the disposition of and duties to be performed by the other commissioners, and shall have control over the duties to be performed by such staff as may be assigned to the commission by the department.

Mr. LENNARD: To whom is he responsible?

Mr. CROLL: To the minister, I presume.

Mr. QUELCH: And in the absence of the minister?

Mr. GUNN: In effect, may I suggest, to the deputy minister.

Mr. CROLL: All this says is, "rank and standing of a deputy head of a department for the purposes of this Act", not even the powers.

Mr. GUNN: No.

Mr. CROLL: It is even less than the others. It seems to me we are playing with terms. We understand that there is a deputy in the department. We know very well who that deputy is. In my opinion this is a most important Act. I hardly realized its importance until I saw the reports from time to time. I do not quite follow the precedent that has been set. It is like an O.B.E. without the O.B.E.

Mr. GUNN: May I continue for a second to outline the situation a little more? It was suggested the other day that under the Department of National Revenue Act there are two deputy ministers. I find that is so, but as I stated at that time they are appointed for a very definite purpose. Perhaps I might read the particular section which provides for the appointment of those two officers. Section 3 (1) of that Act provides for the appointment of two officers to be designated respectively as Deputy Minister of National Revenue for Taxation and the Deputy Minister of National Revenue for Customs and Excise. Subsection 2 of that section says:—

The Deputy Minister of National Revenue for Taxation shall be the lawful deputy of the minister, exercising power and authority as if he were deputy minister of a separate department of government charged with the control, regulation, management and supervision of internal taxes including income taxes and succession duties.

Subsection 3 says:—

The Deputy Minister of National Revenue for Customs and Excise shall be the lawful deputy of the minister, exercising power and authority as if he were deputy minister of a separate department of government charged with the control, regulation, management and supervision of duties of customs and excise including taxes imposed by the Special War Revenue Act.

You will see that these particular Acts go rather fully into the powers of the person who is to be designated with that rank.

Mr. LENNARD: May I say that it does not matter very much what we call them as long as they are subject to the discipline of the deputy minister and through him to the minister. You cannot run a business with three or four bosses.

Mr. CROLL: You need a certain number of vice presidents.

Mr. MUTCH: As a general principle I never object to conferring an honour which does not cost anything.

Mr. LENNARD: I do not object to them being called deputy ministers under the terms applied here, but I do think they should be subject to the discipline of the deputy minister.

Mr. HERRIDGE: In view of the discussion surrounding these words in the section I would move that this committee recommend that the minister give further consideration to this matter in view of the discussion this morning.

The CHAIRMAN: Can we let it stand? I will bring it to his attention. I think it is peculiarly a matter that he should speak on himself.

Mr. MUTCH: We will accomplish the same thing.

The CHAIRMAN: After all he is the minister in charge of the department, and I think it is something that we should leave over until he gets back. (Agreed).

There are one or two other things. There is the question of salary. That is set out in the old Act and it is the desire to have it in this Act. There is still some discussion going on on that question. I just mention that because at the appropriate time there will be a suggestion made on behalf of the government to insert right after section 3, subsection 1, where it says "to be appointed by the Governor in Council" words such as "one of whom shall be appointed chairman and shall receive a salary of, and each of the other members shall receive a salary of". That will go in there. I think we can let that stand for the minister to make a suggestion on it. It is being discussed.

Then there is another matter that I should like to ask you about, Mr. Gunn. Subsection 11 of section 3 is taken from 3(a) of the old Act. 3(a) of the old Act has this in it.

and effect shall be given by the department and the comptroller of the treasury to the decisions of the board.

That is after the powers of the board are complete in regard to the matters committed to them. The old Act says that the department and the comptroller of the treasury are to give effect to their decisions. Why is that left out?

Mr. GUNN: We were advised when we raised that point with the Department of Justice that expression which you have just read was completely superfluous and served no useful purpose. With a view to streamlining the Act a little it was deliberately dropped.

The CHAIRMAN: I would say the same thing about section 18 which reads:

The department shall be charged with the administration of this Act subject to the directions of the board as hereinbefore provided.

Mr. GUNN: I am proposing an amendment with regard to section 18.

The CHAIRMAN: Section 18 of the old Act said that the department was to administer the Act under the directions of the board. If you take that out and do not put anything back in again—

Mr. GUNN: I wanted to suggest that having deleted that part we should introduce the words:—

In the administration of this Act the board shall be responsible to the minister.

That would replace section 18 of the old Act.

The CHAIRMAN: Why should you make that change?

Mr. GUNN: Again there is a part of the old section that is inconsistent with the general law relating to government administration. Of course, we do not use the word "department" at all in this Act. We say "minister", which is more appropriate, but the part reading "subject to the directions of the board as hereinbefore provided" would appear to make the minister subservient to the board. I do not think anyone would favour that.

The CHAIRMAN: No, but they are not supposed to be under the minister at all. In other words, they are supposed to have full, free and unfettered discretion.

Mr. GUNN: In all matters.

The CHAIRMAN: Having to do with their duties as laid down in the Act. I suggest that you give this very careful thought.

Mr. GUNN: I have got an alternative. I see the point of your remarks there, and while I am not in complete agreement I suggest that this might be an alternative amendment.

Except as to the power and authority of the board to deal and adjudicate upon applications for allowances under this Act the minister shall be charged with the administration of this Act.

The CHAIRMAN: That sounds much better to me because I am very anxious to preserve the full and unfettered discretion of the board. I think that is certainly the desire of the committee. I think we have made good progress this morning. I want to thank you very much for your co-operation. I hope we can finish on Tuesday next.

Mr. QUELCH: What about Monday?

The CHAIRMAN: We do not sit on Monday. We will meet again on Tuesday next at 11 o'clock.

The committee adjourned at 1 p.m. to meet again on Tuesday, July 2, at 11 a.m.

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SESSION 1946
HOUSE OF COMMONS

(SPECIAL COMMITTEE)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 39

TUESDAY, JULY 2, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister, and
Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs,
Mr. F. J. G. Garneau, O.B.E., Chairman, War Veterans' Allowance Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



ORDER OF REFERENCE

TUESDAY, 2nd July, 1946.

Ordered.—That the Quorum of the said Committee be reduced from 15 to 10 members.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

TUESDAY, July 2, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TENTH REPORT

Your Committee recommends that its quorum be reduced from 15 to 10 members.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

TUESDAY, July 2, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as an

ELEVENTH REPORT

Your Committee recommends that the Government consider the advisability of introducing a bill to amend the War Service Grants Act, 1944. A draft of the bill proposed by your Committee is appended hereto.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL TO AMEND THE WAR SERVICE
GRANTS ACT, 1944

AN ACT TO AMEND THE WAR SERVICE GRANTS ACT, 1944

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Subsection two of section three of *The War Service Grants Act, 1944*, chapter fifty-one of the statutes of 1944-45, as enacted by section two of chapter thirty-eight of the statutes of 1945, (second session), is repealed and the following substituted therefor:—

(2) In addition to the amounts mentioned in subsection one of this section, every member of the forces whose service includes overseas service shall, upon discharge, be entitled to be paid for each period of one hundred and eighty-three days of overseas service and proportionately for any less period, an amount computed on the basis of seven days' pay and allowances that were payable to or in respect of him at the date of discharge.

(2a) Where a member joined the permanent naval or military forces or the regular air force of Canada on or before the thirty-first day of March, one thousand nine hundred and forty-six, or volunteers and is accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, the amount payable to such member under subsection two of this section shall be computed on the basis of the rates of pay and allowances payable to him or on his behalf at the commencement of his service excluded by section three A of this Act.

(2b) Where a member has been required, prior to the date on which he ceases to be entitled to gratuity, to accept pay and allowances at lower rates, by reason of reversion in rank or appointment, or otherwise as a condition of acceptance for service in the permanent naval or military forces or regular air force of Canada, or in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, the rates of pay and allowances payable to him or on his behalf immediately prior to the date of his joining the permanent naval or military

forces or the regular air force of Canada, or his acceptance for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, may be used for the purpose of computing the amount paid to him under subsection two of this section.

2. The said Act is further amended by inserting immediately after section three thereof the following section:—

3A (1) No member or former member of the naval, military, or air forces of His Majesty shall be entitled to any gratuity or credit under This Act in respect of service in such forces subsequent to

- (a) the day of his acceptance as a member of the permanent naval or military forces or the regular air force of Canada if he is so accepted after the thirty-first day of March, one thousand nine hundred and forty-six;
- (b) the thirty-first day of March, one thousand nine hundred and forty-six, if on that day he is a member of the permanent naval or military forces or the regular air force of Canada serving on active service;
- (c) the thirty-first day of March, one thousand nine hundred and forty-six, if he volunteers and is accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, unless he was serving on overseas service on the thirty-first day of August, one thousand nine hundred and forty-five, and remains continuously on the strength of an establishment or unit or ship on overseas service, in which case he shall be entitled to such gratuity and credit in respect of all such service.

(2) A member or former member of the naval, military or air forces of Canada entitled to a gratuity or credit under this Act shall be entitled to such gratuity and credit in respect of all his full-time service as such, if he is not accepted as a member of the permanent naval or military forces or the regular air force of Canada or is not accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven.

(3) The Governor in Council may make such regulations as may be advisable to provide for the termination of entitlement under this Act of persons not mentioned in subsections one or two of this section.

3. Section seven of the said Act as enacted by section seven of chapter thirty-eight of the statutes of 1945 (second session), is repealed and the following substituted therefor:—

7. Subject to the provisions of this Act, every member of the forces who does not elect to take benefits under *The Veterans' Land Act, 1942*, except section thirteen thereof, or any educational, vocational or technical training benefits under the provisions of *The Veterans Rehabilitation Act* shall, in order to assist in his re-establishment, be eligible, in addition to the war service gratuity, for a re-establishment credit in an amount equal to the total amount payable to him under subsection one of section three of this Act.

4. The said Act is further amended by inserting immediately after section seven thereof the following sections:—

7A. (1) Where a male member, who is eligible for a re-establishment credit, dies after discharge but before he has used his re-establishment credit in full, his widow or, in case he leaves no widow, his mother,

if the mother in the opinion of the Minister or such person as the Minister may designate, was wholly dependent on the member immediately prior to his death, is eligible for the unused credit.

(2) Where a female member, who is eligible for a re-establishment credit, dies after discharge but before she has used her re-establishment credit in full, her mother, if the mother, in the opinion of the Minister or such person as the Minister may designate, was wholly dependent on the member immediately prior to her death, is eligible for the unused credit.

(3) No credit shall be made available under this section to a widow or mother unless she is resident in Canada and the Minister is satisfied that the credit will be used for one or more of the purposes specified in section nine of this Act.

(4) With the consent of the Minister the credit for which a widow or mother is eligible under this section may be made available to such person as the Minister may designate, to be used for the benefit of the widow or mother, as the case may be, for such of the purposes authorized by or under this Act as the person so designated may in his discretion determine.

(5) Where no widow or mother is eligible for the credit under this section the credit shall cease to exist.

(6) Where, before using the credit for which she is eligible under this section, a widow or mother dies or a widow remarries the credit shall cease to exist.

7B. Sections nine, ten, fourteen, and twenty to twenty-five inclusive, of this Act shall *mutatis mutandis* apply to and in respect to the credit provided for by section seven A. of this Act.

5. Paragraph (c) of section nine of the said Act as enacted by section nine of chapter thirty-eight of the statutes of 1945 (second session), is repealed and the following substituted therefor:—

(c) the reduction or discharge of indebtedness under any agreement for sale, mortgage, or other encumbrance on his home, in an amount not exceeding twice the amount that the member himself contributes or has contributed to such purpose;

6. Section ten of the said Act is repealed and the following substituted therefor:—

10. If there has been made available to or on behalf of a member of the forces all or any part of the re-establishment credit under the provisions of section seven of this Act, he shall not be eligible for a grant of any of the benefits under *The Veterans' Land Act, 1942*, or any educational, vocational or technical training benefits provided under *The Veterans Rehabilitation Act*, except subject to a compensating adjustment in an amount which, in the opinion of the Minister, is equivalent to the re-establishment credit already made available to him or on his behalf. If a member has been granted any of the aforesaid benefits, the amount of which as determined by the Minister is less than the amount of any re-establishment credit which would otherwise be available to him, the difference between the amount of such re-establishment credit and such amount of any of the aforesaid benefits may be made available to him under section nine of this Act.

MINUTES OF PROCEEDINGS

TUESDAY, July 2, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Belzile, Benidickson, Bentley, Cleaver, Cockeram, Croll, Emmerson, Harkness, Herridge, Jutras, Lennard, MacNaught, McKay, Merritt, Quelch, Skey, Tucker, Viau, Winkler, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. F. J. G. Garneau, O.B.E., Chairman, War Veterans' Allowance Board.

The Committee proceeded to consideration of a draft of a bill to amend The War Service Grants Act, 1944.

Clauses one, two and three were adopted without amendment.

Mr. Croll moved that where the word *mother* appears in clause four it be deleted and the word *parent* be substituted therefor.

After discussion, and by leave of the Committee, Mr. Croll withdrew his motion.

Clauses four, five, six, the preamble and the title were adopted without amendment.

On motion of Mr. Croll, the draft bill was adopted, without amendment, and the Chairman ordered to report to the House accordingly.

On motion of Mr. Croll, it was resolved that the Committee ask leave to reduce its quorum from fifteen to ten members.

The Chairman tabled a letter dated June 28, received from Mr. George J. McIlraith, Parliamentary Assistant to the Minister of Reconstruction and Supply, with which was enclosed a statement regarding consumption of farm implements and machinery in Canada during the period 1931 to 1945, which are tabled as *Appendix "A"* to this day's minutes of proceedings and evidence.

Consideration of the proposed draft bill respecting allowances for war veterans and dependents was resumed.

Mr. Garneau was recalled, made a statement respecting the estimated cost of certain proposed amendments to the bill and was questioned thereon.

Subclause (10) of clause three was adopted without amendment.

Mr. Merritt moved that paragraph (c) of clause four be amended by striking out all the words after the words *World War II* in the second line thereof and substituting therefor the words *outside the Western Hemisphere*.

After discussion, it was agreed that consideration of Mr. Merritt's motion be deferred until the next meeting.

Mr. Merritt gave notice of the following motion:—

That paragraph (d) of clause four be amended by inserting the following words after the word *war* where it first appears in line five thereof:—

or has been resident in Canada since the first of September, 1930, or who may have had continuous residence in Canada for a period of twenty years.

Paragraph (c) of clause five was deleted and the following substituted therefor:—

- (c) any veteran who, in the opinion of the Board,
 - (i) is permanently unemployable because of physical or mental disability; or
 - (ii) is incapable and unlikely to become capable of maintaining himself because of economic handicaps combined with mental or physical disability or insufficiency.

Clause five, as amended, was adopted.

The Chairman filed a letter dated June 28, 1946, received from Mr. Stephen G. Jones, President, Federation of British Canadian Veterans of Canada, with which was enclosed a resolution passed by the Federation on June 23, 1946, which are printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

At 1.00 o'clock p.m., the Committee adjourned until Thursday, July 4, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 2, 1946.

The Special Committee on Veteran's Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: While we were waiting for a quorum we distributed the draft of a proposed bill to amend the War Services Grants Act. We had decided that while we were waiting we would look it over. It is quite non-contentious, and it occurred to the members who were here that we might act as a subcommittee of the main committee, put it through in the few minutes we had, and then get it ratified at one o'clock. Now we have a quorum we can deal with that proposed bill, if everybody is satisfied.

As to clause 1 of the bill, as you will see by the explanatory note,

The purpose of this amendment is to ensure that a member who has joined the permanent forces or who has been accepted for service in the interim force prior to the 31st day of March, 1946, is not adversely affected in the amount of supplementary gratuity by reason of reduction in rank or appointment as a condition of such service.

I think everybody will agree with that.

Subsection (2) is a matter of clarification. Subsection (2) (a) is the one that provides for the real purpose of the section. Clause 1 is to say if he goes into the interim force and has to take a lower rate of pay or a lower rank, it does not affect his supplementary gratuity.

Have you got a copy of this bill, Mr. Lennard?

Mr. LENNARD: Yes.

The CHAIRMAN: Is that carried?

Mr. CROLL: Carried.

The CHAIRMAN: That is carried then. Clause 2. The explanatory note reads:—

This is in effect a re-enactment of order in council (P.C. 908) of 13th March, 1946, whereby definite "cut-off" dates were set for entitlement to gratuity or credit under The War Service Grants Act, 1944. The only change in clauses (1) and (2) occurs in clause (2) in which legislation by order in council has now been restricted to Canadian service personnel. Clause (3) enables the governor in council to provide for the termination of entitlement under this Act of all persons other than Canadian service personnel.

In regard to clause 1, that is the cut-off date, they provide:—

No member or former member of the naval, military or air forces of His Majesty shall be entitled to any gratuity or credit under this Act in respect of service in such forces subsequent to

- (a) the day of his acceptance as a member of the permanent naval or military forces or the regular air force of Canada if he is so accepted after the 31st day of March, 1946.

That is, if he joins the regular forces after 31st March, 1946, then there is no gratuity or credit payable in respect of that service. He is entering a permanent avocation. That is the idea. Then it goes on:—

- (b) The 31st day of March, 1946, if on that day he is a member of the permanent naval or military forces or the regular air force of Canada serving on active service:

Mr. Woods: That is, he might have been a continuing member of the permanent forces.

The CHAIRMAN: Yes. If he is a member of the permanent forces, then on 31st March, 1946, he stops earning entitlement to gratuity or re-establishment credit. Continuing:—

- (c) The 31st day of March, 1946, if he volunteers and is accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the 30th day of September, 1947, unless. . . .

That is, if he goes into the interim forces, he does not get any entitlement after 31st March, 1946.

. . . he was serving on overseas service on 31st day of August 1945, and remains continuously on the strength of an establishment or unit or ship on overseas service, in which case he shall be entitled to such gratuity and credit in respect of all such service.

In other words, the idea of it is that if he is overseas on 31st August, 1945, remains continuously overseas and does not volunteer to go into the permanent forces,—just goes into the interim force only—until he is actually brought back, he continues to earn gratuity or re-establishment credit.

Mr. Wright: Were there any men sent overseas after 31st August, 1945?

The CHAIRMAN: Well, actually not so very many, I understand. Have you any information on that, Captain Fyfe?

Mr. Croll: They would come in.

Captain Fyfe: Some went over after, but no accurate information is available.

The CHAIRMAN: But there would not be very many?

Captain Fyfe: No.

Mr. Croll: Whether or not they volunteered for the interim force or the permanent force they would be entitled to it.

The CHAIRMAN: The only ones that earn gratuity and re-establishment credit after 31st March, 1946, are those who were there in August 1945 and stayed over there, and they get it even if they volunteer for the interim force. That is the idea.

Mr. Woods: In other words, they do not get gratuity if they went over there after the war was over.

The CHAIRMAN: Is that carried?

Mr. Lennard: Mr. Chairman, I think someone asked as to the point if they had volunteered to go over after that date. If they were sent over, they are entitled to it.

The CHAIRMAN: This was for war service. The idea was that if you had a man over there and kept him over there, he continues to get it. Then the suggestion was that he might volunteer for the interim force; and the idea was that if a man over there volunteers for the interim force, that would not disentitle him but anyone else is cut off on that date. Is that carried?

Some Hon. Members: Carried.

The CHAIRMAN: That is carried. Paragraph 2:—

A member or former member of the naval, military or air forces of Canada entitled to a gratuity or credit under this Act shall be entitled to such gratuity and credit in respect of all his full time service as such, if he is not accepted as a member of the permanent naval or military

forces or the regular air force of Canada or is not accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the 30th day of September, 1947.

In other words, that carries out what I suggested, that if a man is in the army and does not volunteer and is kept in the army, he earns it until he is let out. That is the idea of that. Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Clause (3) is a redraft of section 7 of the Act eliminating reference to moneys appropriated by parliament, such benefits now provided under the Veterans' Rehabilitation Act, and to exception therefrom of benefits under The Department of Veterans Affairs Act. The reason for that is that these benefits were provided under the Post-Discharge Re-establishment Order by grants of money. Now they are paid under the Veterans' Rehabilitation Act. It is just a matter of clarification. I think that is correct, is it not, Mr. Gunn?

Mr. GUNN: That is right, Mr. Chairman.

The CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then clause (4).

Mr. CROLL: Under clause (4), Mr. Chairman, I notice two things there. You are first limiting the benefits to the widow or the mother, if the mother, in the opinion of the minister, is dependent on the member. Then where it is a female member, you limit it entirely to the mother. Suppose she married. What then?

The CHAIRMAN: Her husband is not supposed to be supported by her; he is not supposed to be dependent on her.

Mr. CROLL: Oh, no. That is quite all right, Mr. Chairman.

The CHAIRMAN: That is the reason for it.

Mr. CROLL: Yes. But I mean, if on the one hand, a widow gets it, it seems that the widower should. In any event, you are leaving the children out completely. The children may be in need of it, they may be just youngsters who may be dependent; they may be 20 or 21. I mean, if the benefits are to go on, it seems to me that someone in the family ought to get the benefits, no matter who it is. I see the minister has some discretion, but that does not seem enough. On the other hand, it seems to me that we ought to carry it forward and allow the widower, under similar circumstances, to get it. He may not be a dependent, but he may have obligated himself as a result of some contractual obligation that they both carried out. Suppose they both took out some benefit and then did not get the full amount of it. I should think he ought to get that.

The CHAIRMAN: I have a great deal of sympathy with that view. Of course, the reason for this section is this. If the soldier does not draw his credit because he is waiting on the advice of the department to be able to spend it to the very best advantage, it was the feeling that it should not be lost entirely to his family. I do not know what to think about the suggestion that if the member is a female member of the forces and married, and dies before drawing it, the husband should get it ahead of her mother. Perhaps he should.

Mr. CROLL: Or use the same phraseology.

Mr. LENNARD: Well, her children should undoubtedly get it ahead of the mother, I should think.

Mr. WOODS: The children of the man who was killed in action, Mr Chairman, do not get the re-establishment credit, nor the widow. It is only to provide for the situation if the veteran returned.

Mr. CROLL: The widow gets a pension if the man is killed in action.

Mr. WOODS: That is right.

Mr. CROLL: That may extend over very many years.

Mr. LENNARD: It dies after discharge; he was not killed in action.

Mr. CROLL: No. This is a rehabilitation credit but it dies with the widow, it seems to me, or perhaps the mother if she was dependent, but the children get nothing. But on the other hand it does not work the other way. For instance, I have no doubt there are many who have never touched their rehabilitation credit. That is a good thing. I think it is a service to Canada today not to go in and spend that money as quickly as possible. If any of us die, the widow may get it, but the widow may die before she gets it. I think it ought to go on to the children.

Mr. GUNN: Mr. Chairman, may I explain to the committee something of the nature of the problems which face the department in attempting to deal in some equitable manner with the question of the re-establishment credit in the case of a man who had not used his credit at the time he died.

It was suggested that perhaps the credit ought to go to his estate. As all members will realize estate moneys become subject to creditors. The purposes of the Act for re-establishment would be defeated. The question arose as to making the money available to children of the veteran. Again the department was faced with the question of defining children, whether they were dependent children or children who were adopted or children over the age of sixteen or over the age of twenty-one or children in the eyes of the law from the point of view of heredity, the devolution of estates Acts in the provinces, and so on. Moreover, again the purpose of the Act, namely the re-establishment first of the veteran, would likely be defeated.

Then the question of dependency entered into the picture. It was assumed that the wife is normally dependent on the husband, and that she in most cases ought to be given first consideration, but it was found also that the veteran very often had a dependent mother. Once more we found a possible conflict of claims, the mother opposed to wife and vice versa, clamouring for the same credit. Something in the way of priority had to be established, and as clause 7(a) provides the money goes to the widow if he leaves a widow regardless of any state of dependency, but in the case of a mother where he leaves no widow then the mother must have been dependent on him at the time of death.

Mr. CROLL: Why not the father? If it is a matter of dependency it might be the father or the mother. Why not parent?

Mr. GUNN: I might say that was very carefully considered by the department and it was decided it was opening the door rather wider than the department could recommend, the introduction of the dependency of the father. It was a new concept to a large extent, the dependency of the father upon a child. It is true it is the law in certain provinces but more honoured in the lack of observance than the observance. Then there are financial implications involved. The death of the father after he becomes entitled would perhaps result in that money already vested in him going to his estate with endless complications.

Mr. CROLL: There would be for the wife or the mother just the same.

Mr. GUNN: No, not necessarily. It is so provided here if the mother should die before she actually receives the money the credit ceases to exist.

Mr. CROLL: Well, apply the same thing to the father.

Mr. GUNN: I suppose that could be done, but I may tell you that the departmental view was very strongly opposed to the introduction of any provision whereby money would become available to the father. I might say again financial implications were involved.

The CHAIRMAN: If you look at it in a practical way when a man is discharged he is entitled to draw his credit at once. We sort of counsel him not to draw the credit unless he has a good proposition to put it into, but relying on that if the man has a wife he can always say to himself, "If anything happens to me my widow can get this money", or if he has a mother wholly dependent on him he can always say to himself, "If anything happens to me my dependent mother can get this money." If he sees that he has got no wife or dependent mother and that the credit is going to die with him if anything happens to him it seems to me that nothing short of a sudden and unexpected accident would prevent him from drawing the credit to buy furniture or something like that for the benefit of his children. In other words, it is to give a little bit of leeway so that if a man is married he can safely leave the credit there. He does not have to leave it there. If he sees he is not going to get the benefit of it he can always draw it, but if he is a married man or a man supporting his mother, it enables him to leave his credit there safely without any danger of losing it. That is the whole idea of it. It only provides where the credit is payable and not drawn. The idea of the department was to give this measure of actual protection without complicating it too much. That was the idea. I thought it was a good idea myself because a married man should be able to sit back and leave that credit there to buy furniture any time he wants it without fear that his widow will not get the benefit of it if anything happens to him, or that his mother will not get it if he is living with the mother.

Mr. JUTRAS: Is not the credit paid on the same basis or on the same principle as gratuities are being paid?

The CHAIRMAN: The re-establishment credit would be payable for the same purposes as if it were paid to the man himself were he alive.

Mr. JUTRAS: In the case of the gratuities if he dies it is automatically paid.

The CHAIRMAN: Yes.

Mr. JUTRAS: But here you have put a restriction.

The CHAIRMAN: It has always been there. That is the reason for the amendment. Up to now if a man did not draw his re-establishment credit it died. It always seemed to me that was unfair because we sometimes counselled them not to draw it until they had a good proposition, and if they did that and died, the widow would find that she could not draw it. The idea is to enable him to leave that money there if they are married or if he has a dependent mother and he will not need to worry. They can leave it there up to ten years. He can always draw it if anything happens.

Mr. WOODS: There is a distinction between the gratuity and the credit. The gratuity is earned at the time of the man's death but the credit is not. The credit is to help in his re-establishment and up to the present if an individual has died his credit has disappeared because he no longer requires re-establishment. The proposal is to broaden that somewhat so that even if he dies before he spends the credit we can give the credit to his widow as presumably he would have spent it in his home for furniture, and so forth. In case there is no widow and the mother is dependent it can be paid to her.

Mr. CROLL: In order to bring the discussion to a head I will move that the word "mother" be replaced by the word "parent".

The CHAIRMAN: In which clause?

Mr. CROLL: You will put it in all clauses.

The CHAIRMAN: Is it the will of the committee to accept that amendment?

Mr. JUTRAS: Change "mother" to "parent"?

The CHAIRMAN: So it would be payable to a dependent father as well as the mother.

Mr. SKEY: May I ask if there is any onus of application on the beneficiary? Do they have to apply for it?

The CHAIRMAN: I think they would if the man himself never applied.

Mr. SKEY: Should we not protect them against that?

The CHAIRMAN: They have got ten years in which to do it, ten years from the time it becomes earned. Every soldier knows he has this coming to him. The argument was that had he drawn it he probably would have spent it for furniture and his family would get the benefit of it if he had a dependent mother or dependent wife. The idea is they can still use it for the same purpose to which he would have put it.

Mr. GUNN: May I ask for some further enlightenment on the matter of the credit going to a parent? There are two parents, of course.

Mr. CROLL: Put the mother in first and the father second.

Mr. GUNN: Regardless of their living together or otherwise?

Mr. CROLL: You are now getting into very serious difficulties.

Mr. GUNN: That is the point.

Mr. CROLL: We will leave it with the mother first, and the father second and forget about everything else.

Mr. GUNN: I doubt if you can forget about everything else. I am not objecting to it, but merely attempting to explain the difficulties. The laws of heredity, as my friend knows, cut across all these things, and there are tremendous difficulties.

Mr. CROLL: We are establishing our own laws by saying this is the way it will be paid, the mother first, and if she is not in need it goes to the father if he is in need. The minister has discretion.

Mr. GUNN: I merely wanted to get some priority or preferment.

The CHAIRMAN: I do not think there should be any difficulty about that.

Mr. BENTLEY: Does the regulation also cover this case? Suppose there is a female member who has no mother or father living and she possibly has a grown-up son or daughter who might be going into business for themselves. It says here:—

In the opinion of the minister or such person as the minister may designate, was wholly dependent on the member immediately prior to his death, is eligible for the unused credit.

The CHAIRMAN: That clause refers to a person the minister may designate to look into the matter.

Mr. BENTLEY: It says here:—

In the opinion of the minister or such person as the minister may designate, was wholly dependent.

There might be a child fourteen years of age who in ten years would be twenty-four.

The CHAIRMAN: That only refers to his mother.

Mr. BENTLEY: Children are excluded?

The CHAIRMAN: Yes. The idea was that soldiers know this is coming to them. If they have got no one who will get it they will draw it, but it is to give them security. If they have got a wife or mother they can leave it.

Mr. BENTLEY: I am trying to get at this point. A female member has a child fourteen or fifteen years of age. She is working herself possibly and is leaving her re-establishment credit until the child is old enough to be established. She has got a ten-year period. You say the child is excluded?

The CHAIRMAN: She would be well advised to draw it because if she did not have a dependent mother it would die with her. The idea was to give some leeway without introducing too much expense and trouble in administration. It was to enable a married man or a man who had a home with his mother to defer the drawing of it without any danger of losing it. That was the purpose of it. We do not need to worry about it too much. If they see they are not likely to get it they will draw it.

Mr. LENNARD: How many female members of the forces have you with a child fifteen years old?

Mr. BENTLEY: I do not know, but there may be some. If there was only one she should have the credit.

The CHAIRMAN: She could draw it.

Mr. BENTLEY: Only if she has a proposition that is satisfactory.

The CHAIRMAN: It is so wide. She can use it for furniture and so many different things. The worst of this is this was brought forward to a great extent because I myself urged that they should be able to do this. Of course, right away the argument was put up that if you bring this up at all there will be all kinds of suggestions made that it should go to the children, the estate and everybody else. The very thing that developed is what I said I thought was going to develop.

Mr. CROLL: Which merely proves you were right.

Mr. QUELCH: When we were discussing this last year a recommendation was made to the committee that we should do that for children.

The CHAIRMAN: Yes, there was that matter in regard to the children. You remember, we decided that a study should be made on that to find some way of helping out the children of a veteran who were in need, particularly in respect to their advancement in later life, and you remember our committee asked the department to make a study of that and try to bring in some recommendation this year.

Mr. QUELCH: What would be the position of a widow with children where the veteran had made an application with regard to say a building and dies before the money is paid? Would the obligation be paid on her account? For instance, the veteran may have started to build a house and may have made a definite commitment figuring on the re-establishment credit money. In the meantime he dies. If it is not paid she would no doubt lose a considerable amount of money. Is any provision made for the payment of an obligation of that kind, where the application has been approved, in the event of death?

The CHAIRMAN: I fancy it would be paid. That is a matter of regulation.

Mr. GUNN: As the matter stands at the present time even if the application is pending, but no money has actually been paid, or no cheque has been mailed, and the man dies before that time the money is not paid. That is the way the Act operates.

Mr. QUELCH: Will the department actually pay the money before an expenditure is incurred? Unless that could be done it seems to me the widow would be left in an awkward position and that the money should be paid if the expense has been incurred.

The CHAIRMAN: The only case in which that would happen would be where a man would have neither wife nor child.

Mr. QUELCH: Yes, but where you have children—

The CHAIRMAN: If you could imagine an unlikely case of a man applying for a credit who had neither a wife nor a mother.

Mr. QUELCH: There may be the case of a man who is trying to finance a home, and who has even made an application for his re-establishment credit for that purpose, he goes ahead and starts to build with the application in and then he dies, he has incurred an expenditure conditional on that assistance.

The CHAIRMAN: I am satisfied myself in that event if the thing is approved and the department have agreed to pay the money—I cannot imagine that they will alter it.

Mr. GUNN: You see, Mr. Chairman, if a man dies the moneys unpaid go to the estate ordinarily and the department would have to take that into consideration.

The CHAIRMAN: Yes, but he has actually agreed to pay that money to somebody else.

Mr. GUNN: He cannot do that. There is a provision in the Act whereby money cannot be assigned, the cheque must go to the veteran himself. It is sometimes made jointly in favour of the contractor. But, specifically, we have to face the fact that such is the law. Who is going to sign for the deceased veteran? His personal representative is, if and when appointed; and the question of estate law comes into it.

Mr. BENTLEY: Have you had any cases of that kind yet?

Mr. GUNN: I am told there have been some.

Mr. BENTLEY: Then it follows that the practice is in effect right now?

Mr. GUNN: Oh, yes.

Mr. QUELCH: Can the re-establishment credit be paid before the actual expenditure is made? Do you actually have to put in the bill to get it paid?

Mr. CROLL: That is the only way you can do it.

Mr. QUELCH: You have to buy before you can get payment?

Mr. CROLL: Yes.

Mr. QUELCH: Then, if the veteran dies, the estate can refuse to pay the balance.

Mr. GUNN: My friend there has touched upon one of the very matters which has caused the department to try to avoid getting into that position. The question is, can the department commit itself on the matter of getting into contractual relations with the creditors of the deceased? Again, it raises a good many questions.

Mr. HERRIDGE: And accordingly the contractor must have full knowledge of conditions.

Mr. GUNN: Well, he knows the law.

The CHAIRMAN: That is the one thought which comes to me. Another thing is this, let us extend it at any rate to this extent. I do not say one thing or another about Mr. Croll's amendment, but at any rate in regard to these other items it seems to me that the best thing to do is to at least agree to this, and if there are many of these other cases, well then, of course, there will be a chance to deal with them in future.

Mr. GUNN: There have not been very many, Mr. Chairman, I am told.

The CHAIRMAN: It is too bad of course that there are any.

Mr. QUELCH: I think the amendment should be made so that if an application has been made and approved it should be paid for the benefit of the dependents.

Mr. GUNN: Paid, to whom?

Mr. QUELCH: To the veteran's wife, or dependents.

Mr. GUNN: The Act provides at the present time that no assignment of moneys can be made, they must be paid to the veteran.

Mr. QUELCH: I mean by that, paid on the bill, on the commitment incurred.

The CHAIRMAN: There is no doubt but that it would be possible to do it by saying that in the event of the application having been made before death for the assignment of credit the money in the discretion of the minister could be paid to whomever he decides it should go.

Mr. CROLL: The difficulty there is administrative. Let us assume that he has a credit of \$500 and has decided to use \$100, there is still \$400. He has only made contributions up to the \$100. He takes it in bits at a time. Then there is the difficulty of the balance of \$400 to be dealt with. The veteran himself may not be in a position to make the other contributions.

Mr. QUELCH: At least we can remedy it to the extent that in cases where the application has actually been made and approved it could be paid. However, I can see that in some cases it might be inadvisable to make the further payment on account of the personal position of the surviving dependent.

Mr. GUNN: In the case of the death of the veteran, as Mr. Quelch mentions, it might be extremely inadvisable to allow that money to go on that commitment.

Mr. QUELCH: Why?

Mr. GUNN: On account of the fact that following the death of the veteran, the widow or personal representative of the veteran might prefer to avoid the commitment and try to find a way out of the contract.

Mr. QUELCH: On the other hand, would not the creditor be in the position of not being able to collect?

Mr. CROLL: Let us suppose for instance that the veteran decides to buy some very good furniture, somewhat of the luxury type, and the estate finds they are not in a position to continue with it, that they could do without it very well. You can then get rid of the contract. The department says that is the end of the commitment. On the other hand, if they have to go through with it they might find themselves faced with a real difficulty.

The CHAIRMAN: The attitude of the department was that they did not want to tamper with this idea, that the man either drew his credit himself or it was finished. They were very hostile to getting involved in any argument over this thing. This is what they finally agreed to. It was a matter of administration; and that if a man had a wife or a mother who was dependent; very well, the re-establishment credit can go straight to her. They said they would extend it to that extent. I suggested to the committee that we agree to this extension which is proposed by the administration, and that if there are any hardships we can deal with them in future.

Mr. LENNARD: How shall we deal with them?

The CHAIRMAN: The only way is by further amendment.

Mr. CROLL: Cases will come to our attention from time to time, and we will be able to bring them up.

Mr. LENNARD: They are coming to our attention at this moment.

Mr. CROLL: This is one of the difficulties of the type we are trying to meet.

Mr. WOODS: Most of the amendments that have been proposed to the various measures before this committee have been suggested in the light of experience in administering legislation enacted on the recommendations of this committee. This particular one is one which we have proposed. If it does not achieve what it should, I think you may be assured that we will not be remiss in proposing further amendments.

The CHAIRMAN: I suggest that we accept it. It is the suggestion of the department to take care of the situation as they find it up to date, and if there are other cases why, of course, they would be brought up, as Mr. Woods says. I suggest we carry it as it is.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: The next is clause 5 which provides for a man getting reestablishment credit. It reads as follows:—

- (c) the reduction or discharge of indebtedness under any agreement for sale, mortgage, or other encumbrance on his home, in an amount not exceeding twice the amount that the member himself contributes or has contributed to such purpose;

At the present time he has to put it up at the same time. And now it does not have to be simultaneous. If he has done it then he can get the credit applied for. That is correct, is it not, Mr. Gunn?

Mr. GUNN: That is right, Mr. Chairman.

The CHAIRMAN: Shall that section carry?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then we come to clause 6: this also is a clarification, payments formerly were under the post-discharge reestablishment order and this provides for payment under the Rehabilitation Act.

Some Hon. MEMBERS: Carried.

The CHAIRMAN: May I report this bill?

Mr. CROLL: I approve that you report the bill, unanimously.

Some Hon. MEMBERS: Carried.

Mr. COCKERAM: Before we proceed with the next order of business may I on behalf of this committee congratulate Mr. Walter Woods upon the high honour he received in the Dominion Day honours list.

(Discussion off the record).

The CHAIRMAN: I have here a statement, gentlemen, which I will table. It has to do with the consumption of farm implements and machinery in Canada. It is an answer made to a question asked by Mr. Ross about our exportation of farm machinery and the apparent consumption of farm machinery. The table is one which I think the members will find very interesting, but just to give an idea of what is in it, I will point out that in 1936 the apparent consumption was 19,263,181. That is in millions of dollars, I take it. The gross selling value at works is also given. In 1937 the apparent consumption was 26,195,019; in 1939, 29,924,850 and in 1945 it was 53,500,000. The members I am sure will find that a very interesting table, because it shows, for example, in 1945 that exports were \$20,000,000 and the imports \$27,000,000. There has been some criticism of the export of farm machinery, but according to this table apparently we imported more than we exported.

(Statement—Appendix A)

Colonel Garneau has a statement to make in regard to some of the questions asked of him.

Mr. F. J. G. Garneau, Chairman, War Veterans' Allowance Board, recalled.

The WITNESS: At the session of last Thursday, Mr. Chairman, you asked me to elaborate a little more on the question of what it would cost for old age pensions as compared to veterans' allowances when the veterans reached the age of 70. I have prepared something which I hope will answer the question.

The average age of the present recipient of war veterans' allowance who served in the Northwest Field Force, South Africa and the C.E.F. is 63.92 years. The present average death rate is 3.73 per cent. Should veterans with service in England only be given entitlement and the domicile of Imperial veterans be changed to September 1st, 1930, in order to bring them under the benefits of the War Veterans' Allowance Act, the annual liability by years until the veteran reaches 70 years of age and then be eligible for old age pension is as follows. We have already estimated that we would have 13,576 new awards if the above changes—that is in the class of veterans who served in England only and ex-Imperials—were made. The chart is made up on the present rate of annual liability. I have the figures here. I do not know if they would be a matter of importance to the committee except as to the last one. When the veterans reach 69 years of age, there would be, according to our table of estimates, 10,810 veterans; 403 would die during the year; the commitment at that time would be \$4,610,000, roughly.

By the Chairman:

Q. And the total during the years would be what?—A. It would be \$36,272,966.88 or \$36,273,000.

Q. That would be for a period of how many years?—A. Of seven years.

Q. You can put that table in the record?—A. Yes.

(Table referred to is as follows):—

Age	Number of recipients	Deaths during year	Annual liability
63	13,576	506	\$ 5,790,435.52
64	13,070	487	5,574,616.40
65	12,583	469	5,366,901.16
66	12,114	451	5,166,863.28
67	11,663	435	4,974,502.76
68	11,228	418	4,788,966.56
69	10,810	403	4,610,681.20

Total Cost\$36,272,966.88

The WITNESS: When the ranks of the 10,810 veterans have been further depleted by 403 deaths, leaving 10,407 eligible for old age pension, at the present average cost of \$210.72 per annum per old age pensioner the estimated cost of old age pension would be \$2,192,963.04 or \$2,193,000 in round figures. Thus the net cost of war veterans' allowance after the veterans attained 70 years of age would be \$2,417,000 approximately; that is, the figure I gave previously of \$4,610,681.20 less \$2,192,963.04, leaving \$2,418,000, roughly.

By the Chairman:

Q. That applies, as I understand it, if we included Imperial veterans and also our Canadians who served in England?—A. Yes.

Q. And the total of that for 7 years, you say, would be \$36,000,000 roughly?—A. \$36,000,000.

Q. And when the age reached 70, the first annual liability for old age pension would be \$2,000,000 and something?—A. The first annual liability would be \$2,000,000 approximately.

Q. Did you have any other statement to make?—A. Not on that score.

The CHAIRMAN: Are there any other questions that members desire to ask Colonel Garneau on that? If not, have you some other answers, Colonel Garneau?

The WITNESS Yes.

The CHAIRMAN: There are some other statements. I think we may as well have all these statements in order to be able to study them.

The WITNESS: Very well. Mr. Chairman, referring to page 932 of the proceedings, Mr. Green asked, "Is there any way of arriving at what it would cost if the exemptions for income from savings were increased?" and the chairman further, on page 933, asked, "If you change that to \$25 for a single man or \$50 in the case of a married man or in the case of a man who owns no real property, just what would be involved?"

We have no exact statistics permitting an accurate estimate of the cost to the government of increasing the unearned income exemption from \$25 to \$50. When an application is declined because necessity does not appear to exist, the practice of the board is to notify the applicant that he or she is not in necessitous circumstances, explaining in the letter that the board considers that the possession of liquid assets, such as bank account, bonds, stock, etc., preclude an award, but that the board will reconsider if these assets are sufficiently reduced to permit reconsideration.

The board, in the matter of liquid assets at time of award, exempts \$750 belonging to a single veteran, \$1,500 to a married veteran and \$1,000 to a widow. The larger exemption to the widow than to the single veteran derives from the fact that no departmental medical attention is available to widows and the same applies to the larger amount granted the married veteran as his wife and children are also not entitled to free medical care.

The \$25 present exemption does not appear to have an important bearing on the decision of the board, in view of the board's practice as outlined above regarding exemptions and liquid assets. I have had, however, a survey made of approximately 1,000 index cards of widows where the reason for declining an allowance on account of liquid assets was so stated, and this search reveals that only 2 per cent were declined on that score. However, the question arises in connection with these points as to what does constitute necessity, having in mind that, from the beginning of this legislation, the War Veterans' Allowance Act was designed to help veterans and their dependents who were incapable of maintenance, and otherwise unprovided for. On the basis of a \$50 exemption on unearned income, it would be assumed that the applicant could possess liquid assets to the value of \$2,000 at 2½ per cent. It should be noted here also that this is apart from any real estate which he might own.

If the committee is prepared to recommend to the government the raising of the exemption to \$50, the board feels, in view of its present practice of exempting such assets in the sum of \$750 to a single veteran, \$1,500 to a married veteran and \$1,000 to a widow, that a definition in the Act of liquid assets would seem indicated. I am afraid that, otherwise, we would be faced with serious difficulties in matters of interpretation and subsequent administration arising out of changes or fluctuations in the recipient's financial circumstances.

The CHAIRMAN: Gentlemen, we allowed section 3(6) to stand. That was left stand until the minister was back. Section 3(10) was also left stand. That is the one having to do with the question of regulations. Does anyone wish to say anything on that question of regulations? I have forgotten why it was permitted to stand.

Mr. CROLL: There must be provision for regulations somewhere.

The CHAIRMAN: Yes. Is there any objection to that?

Some Hon. MEMBERS: Carried.

The WITNESS: May I say a word?

The CHAIRMAN: Yes.

The WITNESS: I do not want to raise a controversial issue on the point and it is a very delicate point to speak on. The matter of regulations was put in by my late predecessor—Colonel Carmichael, who at the time—thought it was advisable, and I must admit that at that time the board felt it would be a good thing. But on second thoughts, doubts arose in the minds of some members of the board as to the advisability of that clause because it might detract—or I would not say detract, but something similar—a little bit from the board's independence. I would say under the present minister anyway there would be no fear that anything would be put in or any pressure brought to bear to influence the decisions of the board one way or another. But under such a clause (there is one that exists, I believe, in the Pension Act to that effect, if I am right)—

Mr. GUNN: That is right.

The WITNESS.—it was felt that sometimes there might be interpretations, through regulations that might tie the board's hands or affect a little bit some of its rulings as time goes on. I am only leaving that thought with the committee. I repeat it is not any reflection or back thought as regards any minister's integrity or anything like that. The only thing was that it was felt that probably everyone might be a little more satisfied if we interpreted the Act as we have done in the past and gave our rulings without the necessity for regulations.

The CHAIRMAN: What do you want, Colonel Garneau? Would you rather have regulations or would you rather not have them? What do you think you can give the best administration under?

The WITNESS: I should think without, Mr. Chairman.

Mr. GUNN: Mr. Chairman, as Counsel for the department, may I make this observation, that I do not think that Colonel Garneau has very much cause for alarm in view of the fact that this clause relates only to the manner of payment. It relates to the manner only; that is, procedure—the procedure to be followed in matters coming before the board for adjudication. In other words, let the board set down some rules to be followed in getting applications before them for consideration. It does not touch upon the matter of adjudication one iota, in my opinion. It is rules for procedure. As all the lawyers on this committee will realize, in bringing such matters before any tribunal, certain procedure must be followed. Otherwise you are going to have chaos. This leaves it open to the board to make those rules of procedure; and as the Act says, make regulations relating to the manner of payment, not the quantum of payment, nothing relating to the adjudication of awards. It is the manner, the way they are to be made; whether they are to be made daily, weekly, or by cash or by kind.

The CHAIRMAN: I suggest to you, Colonel Garneau, that it must be on your advice. If you do not want regulations, then they cannot be passed. The only ones that can be passed are ones that you desire passed.

The WITNESS: Yes. I was merely reflecting some of the thoughts that have been expressed to me since; and I am quite satisfied, I admit, with Mr. Gunn's explanation and interpretation of that clause as it relates to the matter of procedure. The word "adjudication" there was probably the one that caught the eye and the emphasis of some of the members of the board, including myself, was to feel that there might have been some pressure or little difficulties arising in the matter of adjudication on that score. But I am quite satisfied, and I am quite willing to let it rest and be carried.

Mr. CROLL: Really the word does not mean anything. The word "adjudication" means nothing there.

The CHAIRMAN: No. May we declare that carried?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: That is carried, then. The next one is clause 4 (c) and 4 (d).

Mr. QUELCH: Mr. Chairman, with regard to this section, may I ask this. When these regulations are made will it be possible for members of this committee to receive copies of those regulations? I mention this matter for this reason. We had the Prairie Farm Assistance Act, for instance, and I think members thought they understood what the Prairie Farm Assistance Act meant. Then a number of regulations were passed which seemed in many ways to very definitely limit the application of that Act. When we went back to our constituencies we explained what we thought the Prairie Farm Assistance Act meant, and then found that certain regulations had been passed which gave an entirely different interpretation. I suggest that if regulations are passed which appear to make some change under this Act, members should be given a copy of those regulations so that they will not be giving a different interpretation of it in their constituencies to the interpretation being given by the board.

Mr. GUNN: In reply to that, I think we can assure the hon. member that there is no provision in this clause whereby the payment provided by the Act can be limited in any way. It purely relates to administration. As Mr. Croll has pointed out, the word "adjudication" there has very little meaning, if any. I should be quite content to strike out those last few words.

Mr. CROLL: Oh, I think it should be there.

The CHAIRMAN: The point is this, in some Acts it is provided that any regulations passed are to be tabled in parliament if it is then sitting, or if it is not then sitting within a certain time after it assembles, in order that they will be available to everybody; or there is some proviso that they are published in the *Canada Gazette*. I know that is actually provided in some Acts of parliament. I think that is a very good provision, that regulations immediately become available to those that they affect. That is the only question that is raised by Mr. Quelch's suggestion, the fact that these regulations would become available to everybody. What would you say about that, Colonel Garneau?

The WITNESS: There is no necessity actually for us, according to this thing, to enact regulations. But if we do put out a series of regulations as to procedure or something, I do not see any objection at all to making copies available to members who wish to have them. Up to the present time we have been working in very close cooperation with the department. Most of the administrative work of giving effect to the board's decisions and all that has been carried out by the department which is under the immediate direction of Mr. Woods. That has worked very satisfactorily. This clause is in there so as to have it available more than it being actually necessary.

Mr. MERRITT: What is the provision in the Pension Act with regard to the publication of regulations in the *Canada Gazette*?

The CHAIRMAN: I do not think there is anything like that in the Pension Act. I do not think there is that provision. I have heard it debated in parliament in regard to some other Acts, but as to the Pension Act I do not think it is in it.

Mr. WRIGHT: Are these regulations made available to the various branches of the Legion in Canada?

The WITNESS: They would be if published. There is nothing secret or hidden about the thing. If we put them out we would be very glad to send copies to the branches who may ask for them or send a number of copies to the head office of the Canadian Legion for distribution.

Mr. WRIGHT: I would think it should be done as a matter of course. Any regulations or changes in the regulations which are made from time to time as a matter of course should go at least to the provincial commands and then they

could be distributed to the branches. They are the very people who have to deal with these things throughout the country. They are the people who have applications coming in. Any change in the regulations affects them. I think they should have notification of it.

The WITNESS: Up to the present time we have always furnished the Canadian Legion and any branches with our circulars. That is not all circulars. There are some which are little matters of routine, but I mean our stated instructions for investigation which in the district offices are practically our mode of procedure. It is all contained in that. Field investigators, district officers and investigators are actually requested to refer to them very frequently. It is a sort of vade mecum, or investigator's catechism which they refer to. They are very simple. That is what it amounts to.

The CHAIRMAN: Mr. Merritt asked about the Pension Act. That is provided for in section 8 and it is practically copied from it. It says:—

8. With the approval of the Governor in Council, the Commission shall have power to make regulations not inconsistent with this Act in respect of the procedure to be followed in matters coming before the Commission or any Appeal Board thereof for adjudication.

I do not think that the committee need have any fear that any regulations would not be publicized fully.

Mr. WRIGHT: Just what do you mean by "publicized fully"? That is what I am getting at. There are a great many of the branches of the Legion do not follow the *Canada Gazette* and get everything out of it that may affect their members. I do think that departments like the Veterans' Allowance Department and the Pension Department should furnish at least the provincial commands of the Legion with copies of any changes in regulations which affect pensioners or veterans allowances so that they may have them in sufficient quantities to send them to their branches in order that the branches will have something on file. I know that in our local branch of the Legion we have chaps coming in. They want to know what the provisions are as to veterans' allowances. They want to know when they can have entitlement, what is the procedure, how do I go from here to get it, to whom do I make application, and all the other details that are necessary to know. I think there should be some regular method whereby the Veterans' Allowance Board would see that information was in the hands of the various branches of the Legion.

The WITNESS: I think it is at present. For the past fifteen years we have been furnishing the Legion and the commands with all information. I doubt whether there is one small branch that is not pretty familiar with the procedure affecting applications and their routing under the War Veterans' Allowance Act.

Mr. WRIGHT: They are notified automatically of changes in the regulations?

The WITNESS: I think so.

Mr. WRIGHT: They are?

The WITNESS: Yes.

The CHAIRMAN: It is a matter of good administration. I do not think we need to put it in the Act.

Mr. WRIGHT: Oh, no.

The CHAIRMAN: Can we declare that carried? Carried.

The next one is 4 (c) and 4 (d). That defines "veteran" under the part of the Act which provides for allowances payable to a veteran. Subsection (c) defines veteran as:—

Any former member of His Majesty's Canadian forces who served during World War I or World War II in a theatre of actual war, or who

is in receipt of a pension for injury or disease incurred or aggravated during his service in such forces, or who, pursuant to the provisions of the Pension Act has accepted a final payment in lieu of annual pension in respect of a disability rated at 5 per centum or more or total disability.

The operative part of that provides that he must be a former member of the forces who served during either world war in a theatre of actual war, which is defined in each case. That is the first category. The next is a veteran who is in receipt of a pension for injury or disease incurred or aggravated during his service in such forces, and the third class is the man who has taken a commutation of the pension provided the pension rate was 5 per cent or more. Those are the categories that are within the Act. It is very wide and inclusive. I suppose it was allowed to stand while we considered whether we should extend it to Canadians who served in England in World War I. I suppose that was the reason it was allowed to stand. Subsection (d) provides for any former member of His Majesty's forces other than Canadian forces. That is for British forces where the person was a Canadian of Canadian domicile. Subsection (c) is the one that brings up the question of whether in World War I a veteran should get it if he is not a pensioner and got as far as England. That is the clause that governs that point.

By the Chairman:

Q. As I remember it you have already given us the figures on that, Colonel Garneau, have you not?—A. Yes.

Q. What were they again so we will have them in front of us?—A. If veterans who served in Canada and England now ineligible are given the benefits of the Act according to our estimates it would affect 8,937 veterans at a cost of \$3,800,000 roughly, and 376 widows at a cost of \$145,000 in round figures.

By Mr. Wright:

Q. Did you say, Colonel Garneau, that applied to those who served both in Canada and England?—A. Naturally they would have to serve in Canada before they got to England. That actually affects those who reached England only.

By the Chairman:

Q. That is a cost of \$4,000,000 annually, is it not?—A. That is annually. That is based on an annual estimate.

Mr. Woods: I hope that what I am going to say will not be interpreted as arguing against extending the Act to those who served in England only, but I would remind those members of the committee—and there are a few—who sat on the parliamentary committee in 1930 when the War Veterans Allowance Act was enacted of this. You will recall it was popularly known as the pension for burnt out veterans. Some of you will remember Sir Arthur Currie appearing before the committee and arguing for men on the basis that having served for two or three years in the trenches their experiences had made inroads on their physical and nervous system to the extent that their expectation of working life would be shortened by a period up to ten years. Ten years was taken as the presumption that a man's working life would be shortened by.

The statistics that have been given you on the death rate do not indicate that their actual expectation of life has been shortened much, although it is true that their period of working may have been shortened. I merely wanted to draw the attention of the committee to the fact that the Act was based on the gruelling experiences of trench warfare shortening their expectancy of working days. If you make it available to those who served in England you are in effect departing from the principle to that extent and recognizing

it as a service pension rather than a burnt out pension. It is for those of you who served in the great war to put your own construction on the extent to which service in Great Britain had this burning out process on the individual.

The only point I am trying to make is that I think when the committee do depart from a principle they should know where they are going. Certainly the Act was established on the principle that trench warfare shortened expectancy.

Mr. CROLL: You said you were not arguing on one side or the other.

Mr. WOODS: I am merely saying here is the principle on which it was based. It is for the committee to recommend whether that principle should now be extended towards social needs and a service pension rather than a burnt out pension.

Mr. CROLL: I move that the section carry as is.

The CHAIRMAN: Shall the section carry?

Mr. MERRITT: No, Mr. Chairman. With respect to the point just raised by Mr. Woods there is no question, of course, that was the basis in 1930. The point does arise that perhaps for administrative reasons—I do not know—entitlement does extend to many people who served in a theatre of war but who did not presumably actually serve in the trenches. People in base installations, hospitals or on the lines of communication also benefit by this provision. What is good in 1930 in the introduction of a new principle may not still apply with equal force in 1946.

It seems to me that those who served in Great Britain only can be brought certainly within the fringes of this specific principle that has been laid down when you consider that in the case of practically all of them they were employed on supply lines doing just as heavy work and in the same kind of hospitals in Great Britain, and that the actual work they did was heavy work of the same nature as was done by the first class I referred to. My personal experience does not go back that far, but it is my understanding that there was a time when manpower was very short and I would hesitate to believe that there was not a thorough combing out of installations in Great Britain and that by far the great majority of those who were fit for service in the field who were in Great Britain were sent over to the theatre of war to replace battle casualties.

That would lead me to the conclusion that the majority who would be affected by an extension of this provision were in a lower category than category A, and consequently they got into the service and got to England through some defect in the medical examination or were recategorized downwards while in Great Britain.

Then again I do not think it could possibly be argued that living conditions in Great Britain during the first great war were as good as we experienced in this war, and certainly we saw a certain amount of mud and open fields and things like that. On top of all that there were various epidemics to which men were exposed. They were doing a different type of work from the work they followed in civil life. They were transferred out of their ordinary way of life into completely new surroundings over long periods of years. It would seem to me that no one could say that they were not affected, if not to such a great degree, by this involuntary change in their way of life, although when I say "involuntary" I do not mean they were not volunteers. I mean that general circumstances brought that about. Therefore, I think it is not any great departure from that rigid principle but rather an extension of the principle to include them.

I heard the figures that Colonel Garneau has given us showing that the expenditure would amount to roughly \$4,000,000 a year, and what he said earlier today that in seven years that would in effect be cut in half. I presume the expectancy of life of old age pensioners after seventy is not a very great

period of years. Seven times \$4,000,000 is \$28,000,000. Then let us assume they have ten years expectancy of life. I think that would be generous. That would make a total of \$48,000,000 extending over the next twenty years to include these old soldiers in this scheme. When you consider the estimates of our necessary annual budget that all expert economists are making that it is going to be a billion and a half up to two billion dollars per year and never less than that for the rest of our natural lives, I do feel that \$4,000,000 a year for seven years and \$2,000,000 a year thereafter for another ten years is not any great barrier to our giving effect to this extension of the principle if the principle is in any way sound, as I believe it is. Therefore, I would like to move an amendment to Mr. Croll's motion, that section 4 (c) be amended by striking out all of the words after the words "World War II" and substitute the words "outside the western hemisphere". In moving that amendment I should like to explain that I am not trying to broaden the bill, but rather to move an amendment giving better effect to the principle; and I would be perfectly prepared to accept any particularization of these words "outside the western hemisphere" which might be found necessary so long as the principle I am advocating be preserved even though some change in wording may be necessary.

The CHAIRMAN: I take it that what you have in mind, Colonel Merritt, is to have the definition for World War I the same as for World War II. Is that the idea? That comes in section 2, subsection (iii). That is what you have in mind, isn't it?

Mr. MERRITT: I think so. I think the effect of my amendment is to include those who served in the first war in England only. I think that would be the practical effect of what I say.

The CHAIRMAN: But you do not go so far as to amalgamate them. You have in mind just those who served in England only?

Mr. MERRITT: Yes.

The CHAIRMAN: Then you want "theatre of war" defined in section 2 (j) (iii) in the case of World War I (a) as applied to the military or air forces, the zone of the allied armies on the continents of Europe, of Asia, or of Africa, or wherever the veteran has sustained injury or contracted disease directly by hostile act of the enemy; and you would include in that such zones as England and the United Kingdom—or would you suggest the name, British Isles?

Mr. MERRITT: I would like to leave that up to the draftsman. I cannot pretend to have given the particular wording of the Act close examination which would assure me that no other changes are necessary, except in section 4. But I do think that an amendment I have to suggest to section 4, (c) would cover that without any other change.

The CHAIRMAN: Then you would delete all the words after World War II "outside the western hemisphere"?

Mr. MERRITT: Yes. As I said, I would be perfectly happy to accept any change of wording which effected that end.

The CHAIRMAN: Did you have it in mind to move a similar amendment in regard to (d)?

Mr. MERRITT: Well, an amendment to the same effect, but that would necessarily be in different words.

The CHAIRMAN: But you have it in mind to move a similar amendment there, that is correct isn't it?

Mr. MERRITT: Yes, an amendment bringing the Imperials in, but not in the same way because a different principle is involved.

The CHAIRMAN: Those who served in allied forces served in England?

Mr. MERRITT: No. My proposed amendment to section (d) does not award a pension, at least an allowance, to those who served in England only; they must have served in World War I in a theatre of actual war.

The CHAIRMAN: It is the Imperials you had in mind?

Mr. MERRITT: The Imperials who served in England only would not get it under my proposal.

The CHAIRMAN: I see, so you would not be proposing an amendment to (d) at all?

Mr. MERRITT: To (d) yes, at the proper time. Perhaps it might clear the matter up if I read to you my suggested amendment: After the word "war" in the first line, the first time the word "war" appears, to add to that, "or has been resident in Canada on or since the first of September, 1930, or who may have had continuous residence in Canada for a period of twenty years". That amendment simply affects the domicile clause and it has no effect on "the theatre of war" in subsection (d). There is one other thing I should like to say before I sit down, and perhaps the most important thing which I omitted when I was speaking; that is, of course the Legion has recommended the extension of the allowances in the way that I am proposing; and I think that the spirit of the Legion in this kind of case is perhaps the best guide we really can have to decide what may be right.

Mr. HERRIDGE: Mr. Chairman, I second this amendment and support the remarks of Colonel Merritt. It has always been interesting to me to watch the work of the War Veteran's Allowance Act. I admit the validity of the explanation made by Mr. Woods as to veterans that the award of a pension compensates for loss in battle experience; but everyone knows that supporting those who went to Europe, France, Belgium and other countries required a great percentage of men who remained behind on the lines of communication and in support. As many men received, or at least in my opinion are entitled to the burnt-out pension benefit for work done on lines of communication in maintaining units as those who had actual battle experience; and although that was the principle advocated, in effect it only affects a comparatively small percentage of men who actually receive it at the present time. I know quite a number of men who receive the war veteran's allowance, but among them you do not find any bakers, you do not find any stevedores, the men who loaded ships—there are none of that type. They, and many others whom I know who are not receiving it were doing actually as important a job as we were, and I have often thought that this Act was not fair in operation to men of that type. But I think the greatest argument of all, Mr. Chairman, is the actual need of that class. The men who would be affected are men who are on in years, men who have the greatest difficulty in obtaining appointments of any kind. As the result of a discussion of this matter with the Social Assistance Branch in British Columbia and other welfare agencies, I find that they comprise one group for whom it is most difficult to find employment. Many of us had hoped that we would have had the old age pension to take care of these men by now, and we hope that we will have it in the not too distant future, and that would take care of many of these cases. But in view of the figures given to us by Colonel Garneau, and because of their need, and because of the fact that industry today is not employing men over thirty-five years of age in many cases I do suggest that we extend the principle of this Act to those who have seen service in England, not only because of the principle involved, but also because of the actual need which exists at the present time.

Mr. WRIGHT: I would like to support the amendment suggested by Mr. Merritt. I agree with Mr. Woods that the original Act was drafted perhaps for different purposes from those we are getting at now, but even if it was I still think that the extension of the principle is right, particularly in view of the need

which exists. We have not taken the forward steps in Canada with respect to social needs that have been taken in some other countries, and I think that by recognizing the application of this principle with regard to a particular group, an important group in this country whom I think are entitled to it, we are establishing at least a basis for further extension of it; and I do not know of any place where we could start to better advantage than with our discharged men of the last war. There is no doubt about it that the Act as it works at the present time is not exactly fair. The man who was in France gets it. The man who was in Scotland doing exactly the same work does not get it. And I for one do not see why he is not just as much entitled to receive it. For that reason I would be inclined to support the amendment by Mr. Merritt for our own men who served in England, and especially I think for the British soldiers who served in a theatre of actual war and are now domiciled in Canada. We have a lot of these old Imperial veterans, quite a few of them in Canada, and I think we might well extend our Act to cover them. They are citizens of our country, have been for twenty years or more; they have taken on the responsibilities of Canadian citizenship; they have paid their taxes; they have contributed to the building of our country. I think their service in the last war should be taken into account and that they should be considered.

Mr. QUELCH: I intend to support the amendment. Generally speaking I find myself heartily in accord with the principle expressed. A few years ago I felt that there should be a definite line drawn between the combat soldier and these others. During the last war time and again a severe shortage of man-power developed and men of various trades were simply drafted from wherever they could be found. I think the majority of the men who were left in England were men who in rather low categories, men who were not physically fit for front line service, but who because of their trade skill could be made use of behind the lines. And may I add, Mr. Chairman, that for a few years I have been wondering just about what Mr. Woods said, the effect of the war upon men of that kind. Further than that, I think that we all recognize that when you take a young man out of civilian life before he has had a chance to become trained or to establish himself in any industry and put him in the army for five years he is going to have very great difficulty in reestablishing himself again, or perhaps I should say in establishing himself in civilian life, because of the very great difference in philosophy. Then, too, let us not forget that after the last war we did not have the same generous measures providing for rehabilitation that we have today. It does seem to me that the only way we can deal with these matters adequately is through the medium of the war veteran's allowance. For instance, we have had before us the case of soldier settlers who were simply not capable of becoming established in any way, could not even hope to pay for their farms. If we are going to allow them to live in their houses, their homes, with a little bit of land and supplement that with the war veteran's allowance, then I think we are justified in considering an extension of the principle to other equally deserving cases. Then, too, there are many other old men who will never become reestablished again in the labour market, and the only way we can hope to deal with them is through the medium of the War Veteran's Allowance Act. I do not think we should be so much concerned as to whether they got beyond England or not, we should consider each case in the light of its need. I am sure, Mr. Chairman, we would do well to adopt the amendment.

The CHAIRMAN: Just so that we may have it on the record, I wonder if Mr. Garneau would give us the figures as to what additional cost would be involved in this proposed amendment of Mr. Merritt's in regard to those who served in forces other than the Canadian forces or in allied forces. As I understand it, they would come under the provisions of this Act if they had been domiciled in Canada twenty years, or—what is that date?

Mr. Woods: Since September, 1930.

Mr. MERRITT: Of course, I did not move that amendment. I was waiting for subsection (d).

The CHAIRMAN: Yes, but I wanted to get it all in front of us.

Mr. MERRITT: I think it would be something like \$2,000,000.

The CHAIRMAN: That is what we wanted to get. That includes the Imperials and those who served in the allied forces?

Mr. BENIDICKSON: That would be \$2,000,000 in addition to the \$34,000,000.

The CHAIRMAN: Yes. Would you explain what that amendment would mean, Mr. Garneau?

The WITNESS: Yes, but I do not know to what extent it would affect His Majesty's allied forces because we are only dealing with England there. There are very few allies that were not covered by the Act by the fact that whether they came from France or Italy in the last war they were on the continent of Europe, Africa or Asia, so they are really already eligible. We are only dealing in my opinion strictly with—

The CHAIRMAN: With this amendment, and it would only affect a small percentage.

The WITNESS: Yes.

The CHAIRMAN: What are the figures on that?

The WITNESS: If domicile for Imperial veterans is changed to September 1, 1930, it would affect 4,000, in our estimation—4,639 veterans, at a cost of \$1,978,626 a year; and 185 widows at an additional cost of \$71,500; a total of \$2,049,000—say \$2,000,000.

The CHAIRMAN: \$2,040,152.

The WITNESS: Yes.—2,049,152.

The CHAIRMAN: That takes in the second one. Now just so we can get an idea of what the committee is going to suggest so that the minister can indicate what his attitude is in regard to these things I wonder if we might just pass on and see if there are going to be any amendments to the next section. I think that was 5 (c). Yes, that was 5 (c). The question came up there, as I remember it, as to the wording. If I remember it I think Mr. Green figured that we might make a change in the wording there.

Mr. MERRITT: Mr. Chairman, before we pass on, would it be in order to continue the discussion and take a vote on this present motion; would it be in order for me to move an amendment in regard to this?

The CHAIRMAN: Yes, we would like to have it on the record so we will know exactly with what we have to deal. We will not attempt to dispose of the matter this morning.

Mr. MERRITT: Do you wish me to put on record the arguments I have to advance in regard to my amendment to 4 (d)?

The CHAIRMAN: If we have time. If you would just tell us what you are going to move we could discuss it at our next meeting.

Mr. MERRITT: Then, Mr. Chairman, I will give notice of motion to amend Section 4 (d) to insert after the word "war" where it first appears in line 5 the words "or has been resident in Canada since the first of September, 1930, or who may have had continuous residence in Canada for a period of twenty years." I take it that the proposed amendment will be open for discussion at some later date.

The CHAIRMAN: The next is item 5 (c). I have turned this matter over in my mind repeatedly to see if there was anything in the possibility that by changing the wording we were really weakening the Act, and I must say that I have come to the conclusion that all the change does is to make it a little more

clear and that it does not affect the substance at all. Now, that is my own honest opinion. I suppose the committee has considered it since then. Is there anyone who wishes to say anything about that, or shall we carry it as it is, the way it was before. Did you have something on that, Mr. Gunn?

Mr. GUNN: I would read that (handing over a piece of paper) in connection with paragraph (c) of 5, with a view to meeting the eye to better advantage. I think that is the only essential thing.

The CHAIRMAN: I wish to point out to the committee that in the old Act, the permanently unemployable because of physical or mental disability are in a sort of separate section from the other items, and here it was put into the one, and it was suggested by some members of the committee that if they were separated it would emphasize that they should be considered separately; and as it was never the intention to weaken the Act in any way Mr. Gunn has submitted a proposed amendment which would read like this:—

(c) any veteran who, in the opinion of the board,

(i) is permanently unemployable because of physical or mental disability; or

(ii) is incapable (unlikely to become capable)

(likely to continue to be incapable)

of maintaining himself because of economic handicaps combined with mental or physical disability or insufficiency.

Mr. GUNN: May I just explain that. The first bracketed part there is the exact wording of the Act at present. The bracketed part immediately underneath is the proposed change.

The CHAIRMAN: Yes.

Mr. GUNN: I am putting it forward for consideration alternatively, so to speak.

The CHAIRMAN: Yes. Personally, having turned it over in my mind, I do not see any difference between "is incapable and unlikely to become capable" and "is incapable and likely to continue to be incapable". It seems to me they are exactly the same in meaning. What I suggest is that we accept this amendment separating these two and whichever wording the committee likes; it seems to me it is absolutely the same, that it does not make any difference. If we could just carry that, that would be another section disposed of.

Mr. GUNN: There are a number of copies there to distribute.

The CHAIRMAN: Yes. Would you just hand them around and we could have the members look at it.

Mr. MERRITT: This point, I see, was raised by Mr. Green, a gentleman in whom I have the greatest confidence in the world as to his knowledge of this kind of legislation.

The CHAIRMAN: This amendment meets his wishes.

Mr. MERRITT: Under the old Act there were three separate clauses and it is now reduced to two, is it not? I am afraid that I am not well enough up in it to be able to give an opinion. What is the third that has been left out?

The CHAIRMAN: The other one was: "Has attained the age of 60 years" and that is no longer in. Age no longer appears in the thing except in (a).

Mr. MERRITT: Oh, yes.

The CHAIRMAN: Here it says, "Any male veteran who has attained the age of 60 years." Section 4(a) says "has attained the age of 60 years" and then (b), "has not attained the age of 60 years but is, in the opinion of the board, permanently unemployable because of physical or mental disability." It is a merging of the two. Now we are splitting this up again, the permanently unem-

ployable part and the part where he is incapable and likely to continue to be incapable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency.

Mr. MERRITT: The change of wording was for what reason? Would Mr. Gunn tell us that? "Unlikely to become capable of" and "likely to continue to be incapable" seem to me to be the same thing.

The CHAIRMAN: That is exactly the same thing.

Mr. GUNN: Instead of using two negatives, we tried to put it into one positive and a negative phrase.

The CHAIRMAN: I do not think it matters a bit.

Mr. MERRITT: All right.

The CHAIRMAN: Because there would be no change in administration. It is just a matter of trying to streamline the Act a little bit. We may declare this amendment carried. What is the desire of the committee, that they like "incapable and unlikely to be capable" or "incapable and likely to continue to be incapable"?

Mr. BENTLEY: Mr. Chairman, there is only one difference. One has six words and the other has four. I suggest that we use the four words.

The CHAIRMAN: Very well. Is that amendment carried, using the first words "unlikely to become capable"?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Then clause 5 (c) is carried.

Gentlemen, before we adjourn, may I bring to your attention that I have a letter here from the Federation of British Canadian Veterans of Canada bearing on this matter. I should like to read it, or I could put it on the record without reading it.

Mr. QUELCH: Put it on the record.

The CHAIRMAN: The essence of the suggestion in it is that a British veteran if we extended it to Imperials should have to leave the shores of Great Britain in order to be considered in the same way as a Canadian would have to leave the shores of Canada. That is the essence of it. That is in regard to the amendment moved by Mr. Merritt. So as not to take up time I will put the letter and the resolution on the record.

Unless there is a chance to meet before we will meet again on Thursday at 11 o'clock. We shall try to complete the War Veterans Allowance Act if we can. With your permission perhaps we might take a few minutes at the opening of our session to try to dispose of the Allied Veterans Rehabilitation Act which is quite non-contentious. Unless there is a chance to meet before we will adjourn until Thursday at 11 o'clock.

The committee adjourned at 1.10 o'clock p.m. to meet again on Thursday, July 4, 1946, at 11 o'clock a.m.

APPENDIX "A"

June 28, 1946.

Mr. WALTER TUCKER, M.P.,
Chairman,
Special Committee on Veterans Affairs,
House of Commons,
Ottawa.

DEAR MR. TUCKER.—Yesterday when the Minister appeared before the Committee on Veterans Affairs he undertook to get certain information in answer to a question by Mr. Ross and send it to you. The question asked by Mr. Ross was "Could the Minister give us just what percentage of farm machinery is being put out in Canada compared with the normal pre-war output". I attach hereto the answer as supplied by the officials of the Department.

Yours very truly,

GEORGE J. McILRAITH,
*Parliamentary Assistant to the Minister
of Reconstruction and Supply.*

APPARENT CONSUMPTION OF FARM IMPLEMENTS AND MACHINERY IN
CANADA—1931-1939 AND 1945

Years	Production of the farm implements and machinery industry (*) (Gross selling value at works)	Imports	Exports and re-exports	Apparent con- sumption (†)
	\$	\$	\$	\$
1931.....	11,175,505	3,964,344	3,009,839	12,129,909
1932.....	5,510,078	2,204,646	1,595,815	6,118,909
1933.....	5,326,416	2,290,401	1,510,795	6,106,022
1934.....	8,817,756	3,204,029	3,351,220	8,670,565
1935.....	13,692,476	5,493,423	6,455,812	12,730,092
1936.....	15,957,460	9,373,876	6,068,155	19,263,181
1937.....	18,961,394	17,233,653	10,000,033	26,195,019
1938.....	21,299,185	20,319,626	7,871,951	33,746,880
1939.....	16,035,223	20,917,487	7,027,860	29,924,850
(in millions of dollars)				
1945.....	46.4(‡)	27.3	20.2	53.5
1946 (January to April inclusive).....	N.A.	16.4	10.6	N.A.

(*) The value of production for this industry includes some goods such as, stoves, road machinery, etc., which cannot be classed as farm implements, but, on the other hand, some farm machinery was produced as secondary products by concerns in other industrial groups. It is estimated that these values counterbalance each other.

(†) No account is taken of changes in factory stocks from year to year.

(‡) Estimated on the assumption that 20% of total production was war material. Value not including wholesale and retail mark-ups.

Steel requirements as estimated by the Administration of Farm and Construction Machinery for the period July 1st, 1946, to June 30th, 1947, indicate an increase in production of approximately 31% over the preceding twelve months.

APPENDIX "B"

80½ James Street North
Hamilton, Ontario

Please reply to: 258 Winona Drive,
Toronto,
Ontario.

June 28, 1946.

A. L. BURGESS, Esq.:
Clerk of the Committee,
Veterans Affairs,
Ottawa, Canada.

Dear Mr. BURGESS,—Upon examining the Parliamentary report, number 32, dated Friday June 14, pages 925-6 and 7, that the Chairman, Capt. Tucker and members were running into a little difficulty regarding the definition of the "actual theatre of war" as it would apply to the Imperials who did not leave the shores of the British Isles, in World War I, as compared to the Canadians who did not leave Canada.

As the provisions of the War Veterans' Allowance now exist, it excludes Canadians who did not leave the British Isles, where they landed, for active service, shall we say, on the Continent of Europe, Salonika and Mesopotamia.

The Federation have decided to extend to the Chairman and members of the Committee a suggestion of a definite clarification of the "actual theatre of war" on the basis of the attached submitted resolution as applying to both Canadians and Imperials, the latter, who have been domiciled in Canada since the cessation of hostilities of World War I, and September 1930. Would you kindly bring the attached resolution to the attention of Capt. Tucker for submission to the Committee upon their next discussion of the W.V.A.

Thanking you, and with best wishes,

Yours in comradeship,

STEPHEN G. JONES,

President.

The following resolution was moved and seconded and passed at a meeting of the Federation of British Canadian Veterans at St. Catharines on Sunday, June 23, 1946.

Be it resolved by the Federation of British Canadian Veterans at meeting at St. Catharines on Sunday, June 23, that pursuant to discussion by Parliamentary Committee on Veterans Affairs relative to determining actual Theatre of War relevant to Canadian Soldiers and Service Women who left Canada in the first World War as compared to the Imperial Soldier who did not leave the shores of Great Britain in the same World War. Be it resolved that this Federation respectfully submit to the Parliamentary Committee the following views with the object of assisting said Committee to arrive at a favourable decision.

1. The actual Theatre of War shall from now on be determined as applying to all Canadian Service men and Service women who left the shores of Canada in the first World War and were transported to Great Britain or any other of our Allied Shores for Military Service.

2. Be it further resolved that this Federation consider that the High Seas of any Shore from one Country to another in the first World War were considered by the Naval Services as an actual Theatre of War, therefore we respectfully submit that any Canadian Soldier or Service Woman who were transported over the High Seas were also immediately on Active Service.
3. Be it further resolved that we the Federation of British Canadian Veterans of Canada consider that where the War Veterans' Allowance Act applies to the Imperial Soldier domiciled in Great Britain in the First World War shall be considered as not having served in an actual Theatre of War unless he was transported from the Territorial Waters of the British Isles in the said First World War.
4. For the purpose of defining the "British Isles" it shall be considered to include England, Ireland, Scotland and Wales, also the Channel Isles, the Isle of Wight and the Isle of Man.

All this respectfully submitted.

(Signed) STEPHEN G. JONES,
President.

Federation of British Canadian Veterans
of Canada.

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4-21-31
SESSION 1946

(HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 40

THURSDAY, JULY 4, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs;
Mr. A. H. Brown, Departmental Solicitor, Department of Labour;
Mr. K. N. Treleaven, Unemployment Insurance Commission;
Wing Commander J. D. Jennison, R.C.A.F. Liaison Officer.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



MINUTES OF PROCEEDINGS

THURSDAY, July 4, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., Mr. D. A. Croll, presiding.

Members present: Messrs. Adamson, Archibald, Baker, Belisle, Benidickson, Blair, Brooks, Cleaver, Dion (*Lake St. John-Roberval*), Drope, Emmerson, Fulton, Green, Harris (*Grey-Bruce*), Herridge, Kidd, Lennard, McKay, Merritt, Moore, Pearkes, Ross (*Souris*), Sinclair (*Vancouver North*), Winkler, Winters, Wright.

In Attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. A. H. Brown, Departmental Solicitor, Department of Labour; Mr. K. N. Treleaven, Unemployment Insurance Commission; Wing Commander J. D. Jennison, R.C.A.F. Liaison Officer.

The Chairman read a letter dated June 27 from the Hon. John H. Sturdy, Minister of Reconstruction and Rehabilitation, of the province of Saskatchewan, respecting suggested amendments to The Veterans' Land Act, 1942, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

The Chairman tabled a letter dated July 2, 1946, from the Hon. John H. Sturdy, Minister of Reconstruction and Rehabilitation, of the province of Saskatchewan, together with a petition from certain veterans respecting amendment of The Veterans' Land Act, 1942, whereby grants may be made to co-operative farm associations, which are tabled as *Appendix "B"* to this day's minutes of proceedings and evidence.

On motion of Mr. Harris, it was ordered that Mr. Sturdy's representations be referred to the subcommittee on co-operatives.

Mr. Harris from the subcommittee on the subject-matter of bill 54 submitted the following report:—

Your subcommittee, appointed on May 16 to study and report on the subject-matter of Bill 54, has examined the provisions of the Reestablishment in Civil Employment Act, 1942, the regulations made thereunder and amending Orders in Council. Its conclusions are embodied in a draft of a suggested bill, a copy of which is appended hereto.

Your subcommittee recommends that this draft be submitted to the House with the recommendation that the Government give consideration to the introduction of such a bill.

The Chairman tabled a draft of a proposed bill respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas (intituled "Special Operators War Service Benefits Act"), copies of which were distributed to members of the Committee.

The Committee proceeded to consideration of the said draft bill.

Mr. Gunn was recalled and explained the purposes of the bill.

Mr. Woods was recalled and questioned.

Clauses one, two, three, four, five, six, seven, eight, the preamble and title were adopted without amendment.

On motion of Mr. Harris, the draft bill was adopted without amendment and the Chairman ordered to report to the House accordingly.

The Committee proceeded to consideration of the draft of the proposed bill to provide for the reinstatement in civil employment of discharged members of His Majesty's Forces and other designated classes of persons.

Messrs. Brown and Treleaven and Wing Commander Jennison were called and questioned.

Mr. Green moved that the Committee recommend that all departments and agencies of the Dominion government comply fully with the provisions of the Reinstatement in Civil Employment Act.

After discussion, and the question having been put on the said motion, it was resolved in the affirmative.

Clause one was adopted without amendment.

Paragraph (i) of clause two was amended by the deletion of the words *the present war* in line two thereof and the substitution therefor of the words *World War II*; and by the deletion of the words *United Nations* in line five and the substitution therefor of the words *nations allied with His Majesty*.

Clause two was further amended by the addition of the following as paragraph (j):—

(j) World War II means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine.

Clause two, as amended, and clauses three to twenty-three inclusive, the preamble and title were adopted without amendment.

The draft bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

Messrs. Brown and Treleaven and Wing Commander Jennison retired.

The Committee proceeded to consideration of a draft of a proposed bill respecting veterans of forces allied with Canada.

At 1.00 o'clock p.m., the Committee adjourned until Friday, July 5, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 4, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Acting Chairman, Mr. D. A. Croll, presided.

The ACTING CHAIRMAN: Gentlemen, Mr. Tucker has to attend a cabinet council meeting this morning to deal with some controversial matters and will not likely be here, and he has asked me to preside if that meets with your approval. We have our quorum of ten now. I have a letter here from Mr. Sturdy. You will remember we asked Mr. Sturdy to make some representations, and I have his letter dated June 27, and with your permission I will have it put on the record.

Mr. BROOKS: Would it not be well to read it to us, because our reports are sometimes three or four days late?

(Letter of June 27 appears as Appendix "A" of this day's proceedings.)

The ACTING CHAIRMAN: Then I have a four-page letter which is a further submission dated July 2. Shall I read it, in view of the fact that he will not be here until July 6?

(Letter of July 2 appears as Appendix "B")

Mr. BROOKS: Is he appearing before the committee?

The ACTING CHAIRMAN: Yes.

Mr. BROOKS: I thought he was sending in a brief.

The ACTING CHAIRMAN: The understanding is that this will go before the Subcommittee on Co-operatives which will report to us as soon as possible, and I will see that the matter is brought to the attention of the chairman, and we shall have our usual prerogative of discussing the matter here. May I have a motion to refer this matter to the subcommittee?

Carried.

I have a report here which reads as follows:

SPECIAL COMMITTEE ON VETERANS AFFAIRS

SUBCOMMITTEE ON THE SUBJECT-MATTER OF BILL 54

Your subcommittee, appointed on May 16 to study and report on the subject-matter of Bill 54, has examined the provisions of the Re-establishment in Civil Employment Act, 1942, the regulations made thereunder and amending orders in council. Its conclusions are embodied in a draft of a suggested bill, a copy of which is appended hereto.

Your subcommittee recommends that this draft be submitted to the House with the recommendation that the government give consideration to the introduction of such a bill.

All of which is respectfully submitted.

(Sgd.) W. E. HARRIS,
Chairman.

Before dealing with that bill, we have this morning a bill dealing with the people who were on special services, and I will ask Mr. Gunn to tell you exactly what is in this bill.

Mr. GUNN: Mr. Chairman, this bill purports to put into statutory form an order in council, P.C. 988, of the 19th of March, 1946, which gave to these personnel all the rights and benefits and privileges to which a member of His Majesty's Canadian forces would have been entitled under these various acts. Incidentally, I may say for the benefit of those who are perhaps not familiar with the personnel themselves that there are about 51 men in this class who were recruited in Canada during the war at the suggestion of the British government to do special work inside Europe. I will leave to your imaginations the type of work they were intended to do and which they did perform. I think it is sufficient to say that these men were picked for their peculiar qualities and particularly having regard to their ability to speak several languages that are used principally in central Europe. They served accordingly and were discharged from the forces about last August. I shall refer briefly to the bill. The first part that needs attention is the definition of this individual. He is called a special operator and the definition says:—

2.(a) "Special operator" means a person certified by the Under Secretary of State for External Affairs as having been enrolled in Canada by United Kingdom authorities for special duty in war areas outside the Western Hemisphere during the war which commenced in September, one thousand nine hundred and thirty-nine, and who, at the time of such enrolment, was resident in Canada.

That reference to the Under Secretary of State for External Affairs there arises from the fact that negotiations for the enrolment of these personnel were conducted by the Department of the Secretary of State for External Affairs, and that department has complete records of their service. In the latter part of the bill we will observe that this Department of Veterans Affairs and other departments concerned in the furnishing of the benefits will look to the Department of External Affairs for certification, shall I say for qualification, of the particular individual to receive these benefits.

Clause 3 reads:—

Every special operator on the termination of his service as such shall be deemed

(a) to be a "veteran" within the meaning and for the purposes of

(i) The Veterans' Land Act, 1942,

(ii) The Veterans Insurance Act,

(iii) The Veterans Rehabilitation Act,

(iv) Part I of The War Veterans' Allowance Act, 1946, and . . .

That is the Act that this committee is studying at the present moment.

(v) The Unemployment Insurance Act, 1940;

(b) for the purposes of The Department of Veterans Act, to have served in the naval, military or air forces of His Majesty;

Under which they will receive hospitalization and medical services. The next one is:—

(c) for the purposes of the Civil Service Act, to have served on active service overseas with the naval, military or air forces of His Majesty;

(d) for the purposes of the Pension Act, to have been a member of the forces who performed service as a sergeant in the military forces in a theatre of actual war;

- (e) for the purposes of the Income War Tax Act, and during the period of his service as such, to have been a member of the Canadian military forces while in Canadian active service forces and overseas on the strength of an overseas unit outside the Western Hemisphere;
- (f) for the purposes of The Reinstatement in Civil Employment Act, 1942, to have been on service in His Majesty's forces.

4. Every special operator, on the termination of his service as such, shall be deemed to be a discharged member of the forces with the rank of a sergeant in the military forces, for the purposes of The War Service Grants Act, 1944, without prejudice to any rights, privileges or benefits to which he is entitled under that Act for service in any of His Majesty's forces.

The only observation I need to make on that is with reference to the rank of sergeant. These men, apparently, did not have any prescribed rank but they did get the pay and allowances of a sergeant in the army, and the British authorities have informed us that this would be a fair manner in which they could be treated under dominion legislation wherever the benefits have in any way been based upon the rank.

Then there is another clause dealing with the rehabilitation grant and clothing allowance:—

5. Every special operator who is not as a member of His Majesty's forces entitled thereto shall, on the termination of his service as such, be entitled to receive a rehabilitation grant and clothing allowance equal to that which he would have received if he had been a member of the Canadian army overseas with the rank of sergeant.

That is given to these men on the same basis as if they had been members of His Majesty's Canadian forces.

Then there is clause 6 which reads:—

6. For the purpose of applying any Act mentioned in sections three and four of this Act to special operators the Minister administering the same may extend any time limited therein for the doing of anything, but not beyond one year from the time so limited.

Now, as you gentlemen know, some of these things require the applicant to make his application within a stipulated time, and these men have been out of service for a considerable time. Perhaps, under some of these acts their time to make application may have already expired or is about to expire, so that this gives the minister who is administering any of these acts the right to extend the time, but not beyond one year.

And then there is the usual clause:—

7. The Governor in Council may make regulations for carrying the purposes and provisions of this Act into effect.

And as I mentioned before there is a special clause dealing with the certification of these men for the benefits by the the Under Secretary of State for External Affairs. I think that covers the bill rather completely, Mr. Chairman.

Mr. McKAY: Are these men members of the British Intelligence Service?

Mr. GUNN: I think that is a fair statement. I would not want to say that it is exact. It is true that they were working under British auspices and their service pay was received from the British government.

Mr. PEARKES: I wonder whether the definition expression "United Kingdom authorities" is rather too narrow? Were there not cases where men were enlisted, perhaps, in Canada for this type of service with the Australian forces

or with the Indian army or, perhaps, with the South African forces? I do not know. I do know that at one time there were inquiries made regarding this type of service with the Indian and Australian forces. Whether anything came of it or not I do not know.

Mr. GUNN: With regard to that, Mr. Chairman, I have no knowledge of any such personnel having come to the attention of the department. This deals only with those personnel of which the department has knowledge, and it is limited to this particular class recruited for that particular class and no other. That is to say, they were recruited by the United Kingdom authorities and served under the auspices of the United Kingdom authorities and no other, and they were discharged.

Mr. HARRIS: The definition clause leaves it with the Department of External Affairs to certify for these special operators.

Mr. GUNN: That is so.

Mr. BROOKS: Do you know anything about the casualties?

Mr. GUNN: I am informed that the casualties were rather high—the percentage was rather high; and some of these men were left by reason of confinement and torture in a rather precarious condition of health—that is those who survived.

Mr. HARRIS: You said that the pay was that of the rank of sergeant and that was always paid by the United Kingdom authorities; whose choice was that in the first instance?

Mr. GUNN: I am afraid I cannot answer that.

Mr. HARRIS: I am satisfied with that part of it.

Mr. WOODS: The Department of External Affairs have passed an order in council.

Mr. McKAY: In the enumeration of these benefits it is rather difficult to follow the details. Were there any veterans' benefits for which these men were not eligible?

The Acting CHAIRMAN: No, they have everything that any other veteran has who served in the Canadian army.

Mr. WRIGHT: These men served in the United Kingdom forces; do they make no provision for them?

Mr. GUNN: I do not think it is quite correct to say that they actually served as part of His Majesty's British forces. They were a very special group, and they were not even in uniform; they were dumped into Europe in various types of disguise.

Mr. McKAY: They were paid by the United Kingdom, were they not?

Mr. GUNN: That is so, yes.

The Acting CHAIRMAN: There is not very much we can do about the payment; that is done.

Mr. HARRIS: Under this Act we pay these people pensions and the like on the Canadian basis.

Mr. GUNN: Yes, that is so.

Mr. HARRIS: Without any contribution from any source?

Mr. GUNN: That is so.

Mr. HARRIS: Under this Act we cannot do much about the pay and allowances, but I do feel that we should do something.

Mr. WOODS: Of course, it should be pointed out that had they served in the forces of His Majesty they would have been entitled to all our rehabilitation benefits because they were domiciled in Canada at the time they were recruited.

Mr. HARRIS: I am complaining that the arrangement originally made by the External Affairs Department was not right.

The ACTING CHAIRMAN: They should have got more money. I believe the committee feels that way, but there is not much we can do about it except what is within our ability to extend to them, and we give them under this Act everything that any of our own soldiers get.

Mr. BROOKS: There is a time limit of not beyond one year. That does not refer to a man who applies for the benefits for painting his house or that sort of thing; that is extended for ten years; he could apply for that at any time within the ten years. I refer to the re-establishment credit.

Mr. WOODS: Yes, he is eligible under the terms of that Act for ten years.

The ACTING CHAIRMAN: There is some cut-off date. The intention of section 6 was to avoid the cut-off dates that they put into the Act, some in September, some in March and some in August. This extends it to a year beyond that. I think that is reasonable. Are there any other observations? It is very clear, and I think Mr. Gunn has explained it to us.

Mr. BROOKS: Did all of these people go to a theatre of war? They were recruited in Canada and I suppose some of them, as in the case of all the forces, did not go to their intended destination?

Mr. GUNN: I cannot answer that very definitely, Mr. Chairman, but I am informed that practically all of these men did actually get dumped into Europe. I may say they went through a very strenuous period of training—an exceptionally strenuous period of training—before they were allowed on a plane to be taken away from England; and I believe that one or two were taken off the plane just before leaving for their hazardous trip by reason of a newly found medical condition or something like that.

Mr. PEARKES: Mr. Gunn referred definitely to men going to England and to Europe; I am interested in a group of men who under similar conditions went to the Pacific theatre. Will they be included?

Mr. GUNN: If they are in this class who were enrolled for this specific purpose, regardless of where they may have eventually served. You may observe, Mr. Chairman; that the service is anywhere beyond the Western Hemisphere, and it is possible, although I am not sure—it is possible that some of these men may have been used in other theatres of war—other than in Europe; and if they were so used they would be covered.

Mr. PEARKES: With regard to this group I am referring to, I know personally that they were trained in British Columbia and left San Francisco for this very type of work and they went to the Pacific theatre. Is there any possibility that they would have been enlisted under Indian authorities? That is why I asked originally whether this was rather narrow when it speaks of the United Kingdom authorities. And I wonder whether such words as empire or commonwealth authorities would make it quite clear to cover groups such as I have been referring to?

Mr. GUNN: Mr. Chairman, the bill was not intended to apply to any others than those recruited in the manner I have mentioned, and if there are any others I believe the department has no knowledge of them at the present time.

The Acting CHAIRMAN: Were they not recruited as members of the forces, General Pearkes, rather than as special operators? You should know; you were in charge.

Mr. PEARKES: I could not say.

The Acting CHAIRMAN: You ought to know.

Mr. PEARKES: The actual enlisting of people did not come within my province. I know that these men were sent out to the Pacific for just the type

of operations suggested here, and I was only trying to protect their interests. I certainly cannot tell you the details of their enlistment.

Mr. Woods: In reply to General Pearkes, I shall be very glad to take the matter up with the Department of External Affairs and find out if there were other groups who were recruited for other theatres and, if so, perhaps the committee could consider their case again. This is for the specific group that went on this specific mission.

The Acting CHAIRMAN: Is that satisfactory?

Carried.

Now, gentlemen, you have before you the Reinstatement in Civil Employment Bill which was handed out this morning. All of you are acquainted with it, although perhaps not with the details. Mr. Harris was chairman of the subcommittee, as you know, and I will ask him to explain this to the committee.

Mr. HARRIS: Mr. Chairman, with respect to this bill as a whole the subcommittee went over it section by section and found that with very few changes it is precisely the bill that was introduced in the House. There are one or two minor additions, but generally the bill is exactly as you have always understood it to be. I might suggest, however, that there is one feature, particularly section 5, which might give rise to some discussion, and if we went through the bill section by section we could deal with that at the proper time.

The Acting CHAIRMAN: Shall section 1 become part of the bill?

Carried.

2. In this Act and in any order or regulation made thereunder, unless the context otherwise requires,

(a) "applicant" means a person who is or claims to be entitled to reinstatement under this Act;

Shall section 2(a) become part of the bill?

Carried.

(b) "employer" in relation to any person accepted for service in His Majesty's forces, means a person carrying on any undertaking or service in which the person accepted for service had been employed for at least three months immediately prior to the date on which he was accepted for service, or in which on that date he had employee status or a recognized position by reason of an agreement between one or more employers and one or more trade unions or groups of employees; and references to an employer shall be construed as including references to any person for the time being carrying on any undertaking or service with which has been amalgamated the undertaking or service in which the person accepted for service was employed when so accepted or in which it was comprised when the employee's service in His Majesty's forces began;

Shall section 2(b) become part of the bill?

Mr. LENNARD: May I ask if a person has to have leave of absence in order to receive the benefits from employers under this Act?

Mr. HARRIS: May I say that we have with us this morning Mr. Brown, solicitor of the Department of Labour; Squadron Leader Jennison, liaison officer, Department of National Defence; and Mr. Treleaven, solicitor, Unemployment Insurance Department.

Mr. BROWN: They do not have to have leave of absence.

Mr. LENNARD: Do the members of the Civil Service come under the protection of this Act?

Mr. BROWN: No, sir; they are covered by special regulations under the Civil Service Act.

Mr. LENNARD: And do the members of the Royal Canadian Mounted Police come under the protection of this Act?

Mr. BROWN: No, sir.

Mr. LENNARD: Then, I think it is about time that this government cleaned house and started out right.

The ACTING CHAIRMAN: You had better include penitentiary guards; they do not come under it either.

Mr. LENNARD: I think before this government goes any further—I am not speaking politically—the members of the Civil Service, the Royal Canadian Mounted Police and other bodies in government employ should receive these same benefits. They are not getting them today.

The ACTING CHAIRMAN: Mr. Harris, will you take a few minutes to explain this bill?

Mr. KIDD: Will you give us the purpose of this bill?

Mr. HARRIS: It is the same bill that began with the war and was passed in complete form in 1942 and has had various additions by orders in council at various times, and the whole purpose of the bill is summed up in section 5 that is to say that the person shall be reinstated in his employment upon his return from overseas under conditions as favourable as would have existed had he not enlisted. The Act is designed to carry that out.

The ACTING CHAIRMAN: When we come to section 5 that will be the time to consider that. Shall section 2(b) become part of the bill?

Mr. GREEN: Could we not have a more detailed explanation of what happens in the case of a government employee? It does not seem to me that the dominion government should pass a bill making the private employer take back his veteran employee and yet have the dominion government deliberately doing something else. If that is the position at the present time I think we will have to make a recommendation to the dominion government and see what action should be taken in this regard. I would like to have a complete statement of just what the situation is at the present time.

Mr. WOODS: Mr. Chairman, in as far as the civil servants are concerned, whatever branch of the service they are in, they are required to have leave from the deputy head of their department in order to enter the services. However, a number of cases have developed where a man, not having been granted leave, quit his job and enlisted. Some have been reinstated and some have not been reinstated, and just recently I received instructions to draft an order for consideration that will at least observe the spirit of this legislation. It does not require any statute; it is merely a Civil Service regulation and can be done by order in council. However, I have received instructions to draft an order for consideration of the department concerned.

Mr. LENNARD: Would that include the Mounted Police?

Mr. WOODS: I do not recall whether specific mention was made of the Mounted Police or not. I will look that up. The order is not yet drafted.

Mr. HERRIDGE: That should be considered. I have in mind the cases of mounted policemen who enlisted and went overseas and came back and for various reasons find that they are not re-engaged.

Mr. PEARKES: I wish to bring to the attention of the committee the case of permanent force personnel who at the commencement of this war were serving in the ranks and in the course of their service either in Canada or overseas had been granted commission ranks, and now some of these people are being offered the opportunity of either taking their discharge or reverting to the rank

at which they were when the war broke out. I have in mind the specific case of a man who was a private in the Lord Strathcona Horse at the outbreak of this war. He reached the rank of captain, having seen some service overseas. Now he is offered the choice of retiring and thereby, I presume, losing whatever he has built up towards a pension for service, because his service is not long enough to get a full pension, or go back and be a private soldier in the Lord Strathcona Horse.

The ACTING CHAIRMAN: That would be reinstating him in his former position.

Mr. PEARKES: That is reinstating him in his former position, but I do submit that a private soldier in the course of six years of ordinary peacetime service would have risen from the rank of private and would have become a non-commissioned officer; therefore, might he not be offered a position in the service which would be commensurate with what he could have gained had there been no war at all and had he just gone on serving?

The ACTING CHAIRMAN: That is what Mr. Harris is going to talk about when we get to section 5.

Mr. EMMERSON: While we are on the subject I should like to speak about penitentiary servants.

The ACTING CHAIRMAN: Gentlemen, the sense of the committee has been expressed here this morning, and when we get to section 5 that will be the crucial section.

Mr. GREEN: I suggest, Mr. Chairman, that it will be in order for this committee to make a recommendation, and I move that we recommend that departments and agencies of the dominion government comply fully with the provisions of the Reinstatement in Civil Employment Act.

The ACTING CHAIRMAN: Do you mind holding that until we get to the section where it will fit in?

Mr. GREEN: This is not a question of amending anything, we cannot do that; we cannot amend the Act, as I understand: all we can do is make a recommendation, and that recommendation clearly is in order M section 2 which defines the employer.

Mr. BROOKS: I think we should let section 2 stand.

The Acting CHAIRMAN: The employer?

Mr. GREEN: Yes.

Mr. BROWN: This Act is designed specifically to cover persons other than those who are employed by the Crown, and as Mr. Woods says any further legislation relating to Crown employees will be separate legislation by way of an order in council and will not involve any amendment to this Act. I think that is what Mr. Green is working on. I do not think that question is involved in the passage of this Act itself.

Mr. KIDD: Would it not be better for us to bring down this other legislation first; let the public know that the Crown fulfils its commitments before asking civil employers to do this?

Mr. MERRITT: Surely this whole matter could be disposed of quickly by putting Mr. Green's motion. Mr. Green's motion does not affect the Act, it does not amend the Act; it is only a recommendation of the whole committee to the government. If that is the clear feeling of all the members, and it probably is, then if the motion were put the opinion of the committee would be made clear and the whole matter would be completely disposed of.

The Acting CHAIRMAN: While I do not know what the feeling of the whole committee is, my own feeling was that we would deal with the matter at a more

appropriate time. I thought we would go through the bill and deal with Mr. Green's matter and his motion on a recommendation to the proper authorities. Now, unless the committee wants to deal with that matter before—

Mr. GREEN: This is fundamental. We agreed some years ago unanimously that there should be a Reinstatement in Civil Employment Act. We went over the matter carefully and it passed unanimously in the House. Employers across the country are complying with that Act in an exceptionally fine spirit. It is known across Canada that this is the law, and yet we find in 1946, with the war over, that the dominion government is not complying with the legislation which parliament passed, and I think there should be a recommendation from this committee so that the attention of the public is drawn to the fact that the dominion government is not complying with the terms of this Act. The result would probably be compliance by the dominion government. I might say that when I use the words: "recommend that all departments and agencies of the dominion government comply fully with the provisions of the Reinstatement in Civil Employment Act", I mean that to be all-inclusive and to cover the Mounted Police and all employees of the dominion government. It may be that the word "agencies" is not the proper word to use. My intention is to cover all employees of the dominion government including employees of the Crown companies.

The Acting CHAIRMAN: Can anyone suggest a better word than "agencies"?

Mr. GUNN: "Instrumentalities".

Mr. GREEN: I do not know what that means.

The Acting CHAIRMAN: Instrumentalities. You, perhaps, are instruments of parliament sometimes.

Mr. GUNN: Instrumentalities by the government.

Mr. HARRIS: I have no objection to supporting the spirit behind Mr. Green's motion. I wonder if we should hear from Mr. Woods or perhaps have a statement from the minister by way of explanation why that has not happened and what are the hopes for the future?

Mr. LENNARD: I think the motion is clear-cut. I do not think there should be any lengthy discussion about it. We should go on with it; it is a recommendation.

Mr. GREEN: I venture the opinion that Mr. Woods is all for the recommendation.

The Acting CHAIRMAN: The motion I have is that the committee recommend that all departments and agencies of the dominion government comply fully with the provisions of the Reinstatement in Civil Employment Act of 1946.

Mr. GREEN: Not 1946; that is only this amendment.

The Acting CHAIRMAN: It repeals the old Act and makes it new. Is there any discussion on this?

Mr. WRIGHT: I do not see why the government should not set an example along this line. Certainly it has not done so as far as the Royal Canadian Mounted Police are concerned. I have not had any instances brought to my attention with regard to civil servants or Crown companies, but I have had several cases brought to my attention in regard to the Royal Canadian Mounted Police where there certainly was discrimination against men who had enlisted and served and have had no seniority allowed for their service overseas, and they find themselves back as constables again. I think that this resolution is a sound resolution and I shall support it.

Mr. LENNARD: Some members of the Royal Canadian Mounted Police resigned and went overseas with the armed forces and when they came back and tried to re-enlist in the R.C.M.P. they had lost all seniority and had lost

the establishment benefits and everything else. They had to start over again. I do not believe that is fair.

Mr. FULTON: I have a case which I wish to bring to the attention of the committee. I will ask that the clerk take my statement in the form of notes and he can submit it to the committee to decide whether it should appear on the record or not. It involves the House of Commons. I was approached by a returned man who was employed in the House of Commons debates office. He came and asked me if I was interested that returned men get jobs in preference to those who have not been to war. He has been a clerk in the debates office since 1932 and he went to war in 1939 and served overseas and he is now back at the same job which he had when he left. Since his return there has been an appointment made to the position of Assistant to the Clerk of Orders of the Day which is a considerably better job than the one which my informant holds and is, he states, a new appointment. It is not a case of promoting anybody, this is a new appointment, and he thought he should have that job in preference to somebody who had not been overseas. It was proposed to appoint a man who had not been overseas. I wrote to the Speaker—I was advised to do so because the matter comes within his province. I did not raise Cain; I asked the Speaker if he would confirm whether this was a new appointment and whether there was or had been a principle of giving preference to veterans. I will read you the letter:—

OTTAWA, May 25th, 1946.

The Honourable GASPARD FAUTEUX,
Speaker of the House of Commons,
Ottawa.

DEAR DR. FAUTEUX,—I have been informed that it is intended to appoint someone to the position of Assistant to the Clerk of Orders of the Day, and I am further advised that this would be a new appointment and not a promotion.

I have been asked to look into the matter and particularly to find out whether, if this is a new appointment, the principle of giving preference to veterans in making such appointments, will be followed.

I would appreciate it very much if you would be so kind as to advise me what is the position in this respect, and what action it is proposed to take.

Yours very truly,

E. D. FULTON.

I have here the reply from the Speaker which I shall read:

OTTAWA, May 28th, 1946.

Mr. E. D. FULTON, Esq., M.P.,
House of Commons,
Ottawa.

DEAR MR. FULTON,—I have before me your letter of the 25th instant with regard to the appointment of an assistant to the Clerk of the Orders of the Day.

You may rest assured that in dealing with new appointments in the House, we ascertain that preference is given to candidates with overseas service.

Very truly yours,

(Sgd.) GASPARD FAUTEUX

Since that letter was written the appointment has been made of a man who has not had overseas service.

Another appointment which has been made is to the position of machine operator in the Debates Office, a job which pays \$5 a day. Someone, my informant states, is getting a job that anybody with a little experience can handle; it is a matter of handling a duplicating machine which will turn out a number of copies of the debates. This lad I am speaking of was a clerk in the army and is well qualified, as army clerks are, to handle these jobs, and I am of the opinion he could handle either of these jobs. He has not been appointed. He is shortly to take a position with the Department of Veterans Affairs so that if anything were to result from these cases being taken up it would not affect him; he is going to get a better job; but I do feel that in the House of Commons especially it is important that we should set the standard to be followed by employers throughout the country. This case should be looked into, and if an appointment has been made which is not in keeping with the spirit of the Reinstatement in Civil Employment Act we should know about it. I felt that this matter should be drawn to the attention of the committee. The committee might not want this matter placed on the record because it involves our own House, but I will ask that my remarks be reproduced. The request I make, Mr. Chairman, is that you, on the suggestion of other members of the committee, figure out some way of handling this matter because I am at a loss to know what to do.

The ACTING CHAIRMAN: This is a matter involving veterans' seniority rather than reinstatement in the public service.

Mr. FULTON: Because this man is a veteran and the other two are not, it is a preference.

The ACTING CHAIRMAN: Rather than reinstatement, with which we are dealing.

Mr. FULTON: It seems to me that this is the best time to bring the matter up.

The ACTING CHAIRMAN: My thought was that as it is a matter dealing with the House it might not appear on our records, but that what has been said here will be brought to the attention of the authorities.

Mr. GREEN: Why should not a matter like this appear on the record?

The ACTING CHAIRMAN: Because I do not think it is, admittedly, on the point.

Mr. GREEN: That does not matter. I suggest that this matter should not be taken off the record. Apparently there is an injustice. I think the discussion should go into the record. I do not see why anything that happens around this House should be stricken from the record.

The ACTING CHAIRMAN: The point is that we have Dr. Fauteux's letter which says the preference will be observed, and we have Mr. Fulton's statement, and there may be something else about it that we have not before us. There may be a perfectly good explanation.

Mr. HERRIDGE: Is it quite fair to the men involved to have this put on the record?

Mr. FULTON: I did not give the names.

Mr. BROOKS: It is not only a matter of the two men that Mr. Fulton speaks of; there is a principle involved. Mr. Fulton has referred to these two cases. I heard of one case this morning where a returned soldier did not receive an appointment but it was given to a man who had not been overseas—some appointment in the stenographic branch which involves \$6.50 a day. The job could have been handled perhaps by a pensioner or someone else. At any rate, it was not given to a returned man. I think our whole system is honeycombed

with this sort of business and possibly the Veterans Committee is the best organization to look into these matters. Unless we do justice to these men we certainly cannot expect outsiders to do it.

Mr. Ross: Mr. Chairman, if Mr. Fulton wishes to have his remarks left in the record I think they should be left there. This is a matter of principle. Referring to the Mounted Police, I remember when the minister's estimates were up I was amazed at the statement made by the minister that they had thought, during the period of the war, that the members of that force were making just as good a contribution to the nation by remaining in that force as by enlisting. I am not going to question that point at all, but due to the fact that several old members did volunteer and rendered fine service, they should not be penalized. There is a general principle there. We were eager to have people volunteer for all the services, and even if one department of the government did feel that their employees were rendering as good a service by remaining, those who did enlist should not be penalized when they come back with a good record. I believe we should support Mr. Green's motion at this time because the government or parliament should set an example to the rest of the nation on this matter. It is a great principle. As regards Mr. Fulton's statement I believe it should remain on the record as a matter of principle, and if further evidence is received it can be asked for later and obtained by this committee.

Mr. McKAY: With reference to the Mounted Police the statement made that there was a loss of seniority is true. I know that. It is a fact all the way through the system. They have lost as many as four or five years of seniority. These men would have had a higher rank had they remained but they preferred to serve their country in another field. It is even worse when there is an attempt made by the R.C.M.P. to put fear into these men. I know the case of a captain who served overseas and has an excellent record with the Provost Corps. He came back and I am told that they put him cleaning latrines to break his spirit. That is a fine way to treat a veteran with an excellent service record. He volunteered as a private and rose to his rank. That is one case. We have men doing duty around the building who were decorated overseas. There are others who held high rank and are rated to-day as single men because of the lack of consideration for seniority, and some of them are married and have families. They are all veterans. I do not think these men will get a fair deal; we have to consider their circumstances.

The ACTING CHAIRMAN: Gentlemen, may I point out that perhaps this evening or not later than to-morrow you will have the opportunity to say what you are saying now in the House of Commons when the Justice estimates dealing with the R.C.M.P. are before the house.

Mr. Ross: That is it. I said that a year ago.

The ACTING CHAIRMAN: Yes, I remember that.

Mr. Kidd: There is a matter I did mention to the Minister of Justice last week and I was not favourably impressed with the answer he gave me. He knows that is on record. What applies to the Mounted Police also applies to the guards in the penitentiaries. In Kingston we have the old penitentiary and the Collins Bay penitentiary, and at the outbreak of the war some of the guards, the younger men, enlisted. They went overseas and came back. The point I want to make is that when these men went into the service they were not encouraged to do so, and they were asked the question: do you want to take your superannuation credit? They took it, and now they have come back with four or five years' service. Some of those men who went into the penitentiary should have been in the services rather than in the penitentiary service, although it is all right for the Minister of Justice to talk about the importance of that service. They have lost their seniority. I am not through with this matter yet. There is a point involved. The way some of the boys looked at the matter was that if

they went overseas and were killed their wife and children would get a pension. Now, I claim they should have the right to pay back the 5 per cent and continue in the service. They have not been well received.

I wish to substantiate the statement made by Mr. Pearkes. I have five specific cases on my file of boys from the permanent force who went overseas and received commissions just as did this mounted policeman. One boy went over and after over a year received the rank of captain. This man does not go back to the rank he held, he must go back in the other ranks, and it makes a difference to a man who has had fourteen and a half years and another five and a half years of war service. I think that when the war estimates come down we shall have to put it up to the Minister. Somebody has to protect these men. We have the Pensions Department and if the pensioner does not get what he wants from the Veterans Affairs Department, he has the Veterans' Bureau to fight his case, but these permanent force boys have no person to look after them. Nearly all of these units across Canada are being demobilized, not by permanent force officers but by officers who are getting out of the service soon, and it is difficult to ask a man who is going out to fight somebody's case. I maintain we should support these men. I believe it is up to the Crown to see to it that they do for the Civil Service what they ask civilians to do for their employees.

Mr. EMMERSON: I am quite in sympathy with this motion and with a good deal that has been said in connection with the penitentiary service, but there is another class of man I wish to refer to and that is the man who was unable to get leave of absence from the penitentiary service and had to resign and take his gratuity. He comes back, but if he has not overseas service he has no chance of even going back and beginning as a new man in that service, because all the men taken on are overseas men.

Mr. KIDD: They were in the Veterans' Guard.

Mr. EMMERSON: Yes, in the Veterans' Guard, and men who were not in the Veterans' Guard who got into the service. A lot of them were put into the Provost Corps. Some of them were excellent men, and the penitentiary service needs men like that, and the different wardens are anxious to get them back but they cannot get hold of them—men that were really good men. Some of them were kept in Canada and others who were very anxious to get overseas went overseas. I feel there has been an injustice done and it is hard to understand.

Mr. BROOKS: Mr. Green's recommendation will cover these cases.

Mr. EMMERSON: That is the point, it does; I am in favour of it.

Mr. BENTLEY: We have before us the motion by Mr. Green which I supported and the other matter of whether it is advisable to leave Mr. Fulton's statement on the record. Which one are we discussing now?

The ACTING CHAIRMAN: We are dealing with the motion at the moment. There was a suggestion made with regard to Mr. Fulton's statement that it be left off the record, but if that does not find favour with the members I do not see any harm in leaving it on the record.

Mr. BENTLEY: I believe it should be left there.

Mr. McKAY: Reference was made a moment ago to dealing with the Mounted Police matter on the estimates of the Minister of Justice. We can deal with it on the estimates, but I think a recommendation coming from this committee will have much more effect. That is why we are bringing in a recommendation in connection with this bill this morning to provide coverage.

The ACTING CHAIRMAN: What I tried to avoid was the loss of time, because I do not know of anyone who is opposed to the motion.

Mr. WINTERS: Mr. Emmerson raised the point about guards resigning from penitentiaries, and I thought Mr. Kidd said that Mr. Green would include them in his motion and they would be taken care of under this Act.

Mr. BROOKS: It was suggested in Mr. Green's recommendation.

Mr. WINTERS: With regard to these men from the penitentiaries there is no obligation even if this Act does apply; once they have resigned they have to start from scratch. I do not think they are covered.

The ACTING CHAIRMAN: The recommendation is that the committee recommend that all departments and agencies of the dominion government comply with the provisions of the Reinstatement in Civil Employment Act of 1946. The trouble is that we do not know what is in this Act yet.

Mr. GREEN: That is why I asked you to take out "1946".

The ACTING CHAIRMAN: 1942. If we make some changes we would like to have them apply to this Act. I do not think there is any danger of this resolution not passing; I think it will pass unanimously; but we should go on with the Act and deal with it in order to avoid committing ourselves to something we have not passed.

Mr. BENTLEY: This resolution is good. In what way could we interfere with anything?

The ACTING CHAIRMAN: There is the Reinstatement in Civil Employment Act of 1942. We are making some changes. I do not know what they are. My suggestion is that we pass this motion as soon as we are through dealing with the Act and then it will apply to 1946 instead of 1942.

Mr. GREEN: Leave out "1946". I am not trying to be technical. The Dominion government is not playing the game the way it is handling these men.

The Acting CHAIRMAN: Let us proceed, gentlemen. Shall section 2 be carried?

Carried.

Shall section 2 (c) carry?

Carried.

Shall section 2 (d) carry?

Carried.

Shall section 2 (e) carry?

Carried.

Shall section 2 (f) carry?

Carried.

Shall section 2 (g) carry?

Mr. GREEN: Will you explain (g)? That is a new section.

(g) "reinstatement period" means the period of three months after discharge in Canada from the service or from hospital treatment following discharge in Canada, or the period of four months after discharge overseas or from hospital treatment following discharge overseas;

Mr. TRELEAVEN: Mr. Chairman and gentlemen, in the 1942 Act it was necessary in a great number of places to set out that the reinstatement period was a period of three to four months after discharge in Canada or in England as the case might be. Every time it was necessary to describe the reinstatement period those words were used, and the only purpose of defining the reinstatement period in this new proposed bill is that throughout the provisions which follow it is much more convenient to refer to the re-establishment period than to the three- or four-month period as the case may be. You will notice that all through

the Act the words "re-establishment period" are used. It is a matter of shortening the phraseology—containing in one definition what would otherwise have to be defined.

Mr. GREEN: There is no change in the substance?

Mr. TRELEAVEN: None whatever.

Carried.

The Acting CHAIRMAN: Shall 2 (h) carry?

Carried.

Shall 2 (i) carry? There is no change in that.

Mr. GREEN: How about the definition of merchant seamen?

(i) "service in His Majesty's forces" means—

- (i) service on active service in the present war in the naval, military or air forces of His Majesty or in the naval, military or air forces of any of the United Nations, or any period of training, service or duty in consequence of having been called out under *The National Resources Mobilization Act, 1940*;
- (ii) service in the capacity of merchant seamen by any person who is a British subject and a citizen of and resident in Canada engaged in such capacity on or since the ninth day of September, one thousand nine hundred and thirty-nine, on a vessel sailing in coastwise waters or in waters outside the territorial limits of Canada, whether under Canadian registry or licence or registry or licence of any other country other than a country at war with the United Nations, and after such service for a continuous period of at least six months including layoff periods and after discharge or release from such service, or other termination thereof; Provided that, with the exception of persons who were undergoing training in Dominion Government Marine and Engineering Training Schools for the purpose of fitting themselves for engagement as merchant seamen on the seventh day of May, 1945, such service in the capacity of merchant seaman shall have commenced before the seventh day of May, 1945;
- (iii) service as a member of the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom during the period of such service or any period of training, service or duty in consequence of having been called out under *The National Resources Mobilization Act, 1940*.

Mr. TRELEAVEN: In connection with (i) there is a change there from the former Act. In the definition of "service" the former Act only included naval, military and air forces of His Majesty, and at a later date by virtue of order in council P.C. 5324 the Act of 1942 was amended to include service in the forces of any of the united nations.

Mr. GREEN: What year was that?

Mr. TRELEAVEN: P.C. 5324 in 1945, and the provisions of that order in council have now been embodied in the new proposed bill so as to bring members serving in the forces of any of the united nations within the provisions of this proposed bill.

Mr. BENTLEY: Could we have an explanation of line 35?

The Acting CHAIRMAN: Shall we carry that section?

Mr. GREEN: I am thinking of these words "united nations" rather than "allied nations".

The ACTING CHAIRMAN: I think those are the words we used at the last session of the committee when we dealt with that matter.

Mr. GREEN: Are those word "united nations" used in the Pension Act or the War Veterans' Allowance Act?

The ACTING CHAIRMAN: Not in those acts.

Mr. TRELEAVEN: That is the wording in the order in council.

Mr. GREEN: That does not necessarily mean it is right; that probably means it is wrong. I would like to have some opinion as to whether those are proper words. They could include the Argentine.

Mr. GUNN: I would not want to voice an opinion as to whether it is right or wrong. As it has been pointed out this expression has been used in this Act for a great many years, but it is true that in legislation sponsored by the Department of Veterans Affairs the expression "the armed forces of governments allied with His Majesty in the war" is used. It is a rather cumbersome expression, but you will find it shortened to "allied forces" in certain pieces of legislation by definition in the manner suggested by my friend Mr. Treleaven. It might, perhaps, be well to have uniformity.

Mr. GREEN: This is clearly wrong. "United nations" was not organized as such until long after the fighting stopped.

Mr. BROWN: I do not think there is any objection to that. I think, as was stated, it would be well to have a uniform phrase used. We have not had any point raised on the other expression.

Mr. FULTON: As a matter of fact, it is wider than the united nations; a man serving in any navy or any merchant navy—it could refer to the Argentine or to Germany—could qualify under this Act. The Act reads:—

. . . on a vessel sailing in coastwise waters or in waters outside the territorial limits of Canada, whether under Canadian registry or licence or registry or licence of any other country other than a country at war with the united nations . . .

It could include Turkey or any other country. I think we should look at it to see whether it is not wider than is intended.

The ACTING CHAIRMAN: There is a proposed bill here which we have before us today and the term used there is "allied forces." Is there any objection to that term rather than "united nations"?

Mr. ARCHIBALD: I believe there were a number of merchant seamen who served on boats of Panama registry and they were actually working on behalf of the allies trying to get the stuff over. That is one point to watch.

The ACTING CHAIRMAN: Mr. Harris points out that it should be changed to "service on active service in the war with the German Reich" instead of the present war. We are getting beyond that. What about Hong Kong?

Mr. HARRIS: In all the acts they refer to the war with the German Reich as covering the whole works.

The ACTING CHAIRMAN: It does not do it.

Mr. HARRIS: This is going to be an entirely new bill. We repeal the old Act by this.

The ACTING CHAIRMAN: What about the term "World War II", Mr. Brown? Is that term used?

Mr. GUNN: It has been used in some legislation but it has been defined in the interpretive clause.

The ACTING CHAIRMAN: Instead of the present war, "World War II"; I think that is wide enough to cover it.

Mr. BROOKS: It is used in the Pension Act.

The ACTING CHAIRMAN: Yes. "Allied forces" to be used instead of "united nations".

Mr. BENTLEY: It hardly fits in the case brought up by Mr. Archibald.

The ACTING CHAIRMAN: Yes, I appreciate that.

Mr. HERRIDGE: No citizen of this country or of any nation in the British Commonwealth of Nations can be forced to serve under another flag.

The ACTING CHAIRMAN: What he says is true. A great number of Canadian seamen served under the Panamanian flag. They needed men badly and we loaned them out. We allowed them to serve under that flag. I know of two or three instances, and as a matter of fact they did not get their bonuses because they did not serve under the Canadian flag. Let us take the next section.

Mr. BROWN: The next section covers merchant seamen.

Mr. WRIGHT: It is covered under the section as it is at the present time. Leave 2 as it is.

The ACTING CHAIRMAN: Shall section 2 carry?

Mr. BENTLEY: Is there some explanation at the thirty-sixth line?

Mr. BROWN: Under the existing Act there is no cut-off date with respect to merchant seamen. That is, merchant seamen might have joined the ship after the end of hostilities and they would still be entitled to reinstatement under the Act. The purpose of this provision is to fix a cut-off date so that the regulation would not apply to merchant seamen, or the Act would not apply to merchant seamen who were taken on strength after the end of hostilities; and May 7, 1945, is the date at the end of hostilities. Let us put it this way: it is the date on which the enlistment of men in the armed forces of Canada was cut off. That was the end of the call-up period. In speaking to the Department of Transport on that matter—they were handling the merchant seamen—they felt that was a fair and satisfactory date, and in fact they said that none of the merchant seamen who were recruited under their pooling arrangements after that date were given any insurance or protection under this Act.

Mr. FULTON: I should like to refer again to the wording in lines thirty and thirty-one:—

... under Canadian registry or licence or registry or licence of any other country other than a country at war with the United Nations . . .

That is what I was referring to earlier. That would cover the case of a man who served on a Turkish ship. As Mr. Archibald said, there were some who went to serve in Panama and they should be covered, but do you not think it is wider than it was the intention or the desire to make it?

The ACTING CHAIRMAN: We are using the words "forces allied with His Majesty" wherever we have the words "united nations".

Mr. FULTON: That would not cover it. It refers to any ship other than a ship of a nation at war with the allied forces.

The ACTING CHAIRMAN: I do not know how to cover it at the moment.

Mr. FULTON: I should think the best thing would be to leave it and work out some way of covering what we intend to.

Mr. BROWN: It is in the original Act. There is no change in that provision. That provision was passed by parliament. It was contained in the original provision of the Act and I doubt whether it would be advisable to try to cut down or change that provision at this time. There has been no difficulty arising out of it. It has been in the Act since 1942.

Mr. FULTON: I thought this whole thing was new.

Mr. BROWN: No, just the last part; the proviso starting at line 36. Otherwise there has been no change.

Mr. MOORE: I should like to pursue the question asked by Mr. Bentley. It states here that, with the exception of persons who were undergoing training in dominion government marine and engineering training schools for the purpose of fitting themselves for engagement as merchant seamen, on the 7th day of May, 1945, such service in the capacity of merchant seamen shall have commenced before the 7th day of May, 1945. They could have been drafted for that course prior to the end of the war. Would they not come within the meaning of this Act?

Mr. BROWN: The intention was that the cut-off date of May 7, 1945, would not apply in the case of these men who were in training in these government schools for merchant seamen and who subsequently went into the actual service in the merchant service. Their rights for reinstatement are still preserved.

The ACTING CHAIRMAN: All right, Mr. Moore. Is that carried.

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 3.

Mr. GREEN: Why is it necessary to include the last two lines in that subsection.

The ACTING CHAIRMAN: Subsection 3?

Mr. GREEN: Yes.

The ACTING CHAIRMAN: You mean in line 48, the National Resources Mobilization Act?

Mr. GREEN: Yes.

The ACTING CHAIRMAN: I will ask Mr. Brown.

Mr. BROWN: Quite frankly, at the moment I cannot tell you. That again was a provision that was in the original Act and has not been disturbed. That is since my time.

Mr. GREEN: But there were no firemen called up under the N.R.M.A.

Mr. BROWN: Possibly there were not. That may have been in contemplation. There was provision in the mobilization regulations, I think, for that.

Mr. BROOKS: I think it means that some men might have been called up under this National Resources Mobilization Act, got some training and later on went with the firefighters.

Mr. BROWN: It may have been that.

Mr. GREEN: Subsection (1) covers men called up under the N.R.M.A. Why do you repeat it or tie it in with the firefighters?

Mr. BROWN: I can only suggest that at the time this Act was drafted there may have been some provision in the mobilization regulations or it may have been contemplated at that time that use might have been made of the mobilization regulations calling them for special service. I am just speculating on that. All I can say is that it remains unchanged from the original Act.

Mr. GREEN: I thought all firefighters volunteered.

Mr. BROOKS: I think this just defines the period of service. A man may have been in one of the firefighting units in some town and been called up under the National Resources Mobilization Act. He put in six months of his training and then went as a firefighter. This simply provides that the time he put in in training as well as the time he went as a firefighter should be included. That is all. I think that is what it means. I know I had one man in my camp who did later on go as a firefighter and this would provide that the time he put in in camp as well as the time he went as a firefighter would be included in his service. I think that is the reason it is there.

The ACTING CHAIRMAN: Is that carried?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 3. The clerk just points out that we are using the term World War II in part of the Act. Shall it be defined the same as under the Pension Act? Will that be satisfactory?

Some Hon. MEMBERS: Yes.

The ACTING CHAIRMAN: Then is section 3 carried?

Mr. GREEN: Just a minute. Why is there that restriction to the 30th of April, 1946?

Mr. BROWN: Mr. Chairman, the arrangements that were made in connection with recruiting the interim force, the forces were recruited at the time with the intention that the men who were recruited in the interim force would subsequently be given the opportunity to enter the permanent force. The Department of National Defence stated that before 30th April, 1946, everybody in the interim force would have been given the opportunity to elect to enter the permanent force; that is to say, the conditions of service relative to the permanent force would have been made known before that date and every man who joined the interim force for a two-year period would be given the opportunity to elect to go ahead into the permanent force or, having seen the terms of service offered in the permanent force, he could elect not to enter that force. In the latter event, then he would be given his right of discharge from the interim force. The cut-off date is fixed at April 30th. By that time the interim force man had three choices actually. He could elect to enter the permanent force. He could elect to get his discharge as a member of the active service forces, or he could continue to serve out his two-year term, presumably, in the interim force. It was only intended that reinstatement rights would be continued in effect for those persons who elected to take their discharge or who elected not to enter the permanent force or who elected not to continue in the interim force.

Mr. GREEN: In that case, where he elects to be discharged, his service is not deemed to have been terminated until he is actually discharged?

Mr. BROWN: That is right.

The ACTING CHAIRMAN: Is section 3 (1) carried?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 3 (2)?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 3 (3)?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 4 is a new section, gentlemen. It is to the same effect as section 3, dealing with merchant seamen. Is section 4 carried?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 5 (1)?

Mr. GREEN: Is there any reason for setting that date of April 30, 1946? In the case of a merchant seaman, he has not got the same right of asking for his discharge that the man has got in the interim army.

Mr. BROWN: The date fixed in section 4, the cut-off date for merchant seamen, is 31st December, 1946. That is the date which was agreed on in conjunction with the Department of Transport.

The ACTING CHAIRMAN: All right. Carried.

Mr. FULTON: On this section 5(1) may I make an observation there that I think this has a bearing, although when I raised that case it was from the viewpoint that it really was a case of preference rather than reinstatement.

The ACTING CHAIRMAN: Yes.

Mr. FULTON: I feel this section has some bearing on the case to which I referred.

The ACTING CHAIRMAN: Yes.

Mr. HARRIS: Mr. Chairman, this section is one on which I wish to say a very few words without, I hope, trying to prolong the debate on it. The section is exactly as it has been since the beginning and your sub-committee had before it some cases where there might be argument about the intent of the section being carried out. We felt we should give you the information, whatever you might choose to do with it later on. I speak, I think, for the department in saying that they have administered this section now for three or four years and they think it is perhaps the best under all the circumstances. But I should like to point out that, in relation to Mr. Fulton's case, it is definitely, as he says, a matter of preference in later employment. This section was designed to reinstate the veteran in his employment. That was the original intent and was the purpose of parliament at that time. You will note the language—the words are simple—that he will reinstate him in employment at the termination of his service and under conditions not less favourable to him than those which would have been applicable to him had he remained in employment. Then the proviso goes on that the right to reinstatement shall be subject to established rules of seniority in the employer's establishment and so on, and that is the bone of contention. I am going to give you details of the class of difficulty that the department finds under this section. I will give you one case which occurred in the Canadian National Railways. I do that because the Saskatoon Rehabilitation Council has written this committee about it and has made a recommendation which I think ought to be in the record. The Saskatoon Rehabilitation Council wrote to Mr. Tucker as follows:—

I am instructed to forward a copy of the following resolution which has been passed unanimously by this Council:—

In the opinion of this Council transfer and seniority rights held by an employee at the time of his enlistment cannot justly be taken away from the individual by changes made in regulations during the period of absence in the service of the country.

I am to point out that the rights referred to in this resolution are not protected by the Reinstatement in Civil Employment Act. This has been unfortunately demonstrated here recently in connection with an employee of the Canadian National Railways.

The facts are these, and I think the committee is fully informed of the reason for them, that seniority rights apply in classifications. We will call the man Jones for the sake of illustration. Jones was a call boy in the railway yards or buildings in the west and he enlisted in the spring of 1940. His normal promotion was to classified labourer, which was an extra helper in the round-house, assisting in the firing and so on. When he came back last fall after some five years, he applied for and was given a job as classified labourer, which gave him a better job. Then when the C.N.R. started laying off help, he was laid off because he only had a few months seniority in the rank of classified labourer. He was given the opportunity of going back to call boy, which apparently he did not elect to do. Had he remained as call boy, he could have counted on his overseas service for seniority in that classification and would not have been subject to lay-off until a number of other persons had been similarly exposed. The difficulty arises in this way. In that particular case, Smith who took Jones' job upon Jones' enlistment, in the intervening three or four years became proficient as call boy and was promoted to the rank of classified labourer, and obtained two or three years' seniority in that rank and consequently retains the higher rank as against Jones when he returns.

So that we have a man who took the place of an enlisted man holding his job in a higher rank, when the enlisted man is put off for lack of seniority. That is a problem apparently not peculiar to the Canadian National Railways but I think peculiar to railway unions. At any rate, their rules are very rigid, as we all know. It might be said that the problem is not a great one and may not arise very frequently; and it never will arise, I suppose, unless people are laid off. But it has arisen in other ways and the department has been coping with them as individual cases and hoping that the employer will find other employment of equal value to the veteran who lacks his seniority. I do not think I can elaborate on that any more than I have except to say that the Council feels that something should be done to preserve this man's rights. I come back to the wording of section 5 which states that he is to be reinstated in his former employment and therefore, in so far as the Act is concerned, if he is retained as a call boy in this particular case, he has got the benefit of the Act. There is one further thing; as a member of a railwaymen's union he must accept, presumably, certain obligations to get certain benefits under it; and therefore when the union, as in this case, has taken this position, presumably he should abide by it. I only state that to show that it seems to be the most extreme case in which seniority rights affect the veteran, and it is not in any way disagreeing with what Mr. Fulton said about his particular case. I should like to point out again that this section speaks of reinstatement and not of preference in later employment when he has been reinstated.

Mr. FULTON: Mr. Chairman, it says "under conditions not less favourable to him than those which would have been applicable to him had he not been away." Does not that to some extent preserve his rights or contemplate the possibility of his promotion had he remained there?

Mr. HARRIS: I quite agree with that interpretation of those words. I should think, in the illustration I gave, that the call boy would have been retained in his employment as a classified labourer. I would also think that if this particular job that you have referred to was not a new job he would undoubtedly expect to get that appointment. Whether it was new or whether it was a vacancy I do not know. I am not criticizing the presentation. I am merely making the point that he is given rights of reinstatement in these conditions.

Mr. SINCLAIR: Mr. Harris, is it the union or the employer which is refusing to give seniority to the call boy?

Mr. HARRIS: It is covered by agreement between the employer and the union. Upon application to the employer, his attitude is, "That is the agreement I am bound by with the union and therefore I must observe it." The department has looked into this particular case and feels that under the wording of this section they have specifically exempted seniority rights in an organization and that there has been no infraction of the Act.

Mr. FULTON: In that case, do you know if they gave any consideration to what would seem to be the logical thing to do? If he has not got seniority as a classified labourer, that is in a higher category, why did not they automatically revert him to call boy and let him get his seniority? Why should he be discharged because he has been unfortunate enough to attain a higher category?

Mr. HARRIS: They always have the option to go back to their former or lower classification. In this particular case I think a part of the difficulty is that Jones, a youngster, went in as call boy and came back a grown man and felt perhaps that he did not want to work as a call boy again, which is just a messenger boy. But that is a peculiar situation because of the type of work he was asked to do again. He certainly does not get discharged without being given the option of taking his seniority in the next lower classification.

Mr. MOORE: I am very interested in the case brought up by Mr. Harris because I am an employee of a railroad and I am a member of a union. My

understanding of union rules is this: The gentleman whom Mr. Harris has referred to would have the right to take the position which he has mentioned. The union rules are these: If you receive a promotion and you exercise the seniority which you have in your new position, then when you get to the point where there are lay-offs and you are not able to hold the job, then you can accumulate all your rights as a labourer, or in any other capacity in which you have served in the railroad and take the next lower line. That is the way it has worked on the division I happened to be working on. I think that case should be taken up with the union and clarification asked for.

The Acting CHAIRMAN: Is section 5(1) carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 5(2); is that carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 5(3)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 5 (4)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 5 (5)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 6 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: They are all the same. Section 6 (2); is that carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 6 (3)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 6 (4)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 7 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 7 (2)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 8 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 8 (2)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 9 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 9 (2)?

Some Hon. MEMBERS: Carried.

Mr. BROOKS: Mr. Chairman, this Act includes all the recommendations of Mr. Harris's subcommittee, does it?

The Acting CHAIRMAN: Yes. Does it, Mr. Harris? Is that correct?

Mr. HARRIS: Yes.

The Acting CHAIRMAN: That is right. It is in his report. Section 9 (3)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 9 (4) (a) and (b)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 10 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 10 (2)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 10 (3)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 11 (1)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 11 (2)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Then section 12 is the same. Is that carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 13 is the same. Is that carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 14 (a) and (b), is that carried?

Mr. GREEN: Is there any change?

Mr. HARRIS: No, except that one penalty which was buried in another part of the Act has been put in here as well for drafting purposes.

The Acting CHAIRMAN: Are (a) and (b) of section 14 carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Is 14 (c) carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Paragraph (d)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Paragraph (e)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 15. Is that carried?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 16 (1) (a), (b) and (c)?

Mr. HARRIS: Carried. It is the same as the others.

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 16 (2) and (3)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 17 (1) and (2)?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 18?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 19 (1)?

Mr. GREEN: How many convictions have there been under the Act?

The Acting CHAIRMAN: How many convictions have there been under the Act, Mr. Brown, or can you tell us, Mr. Treleaven?

Mr. TRELEAVEN: There has only been one prosecution and one conviction, which prosecution resulted in a conviction.

Mr. GREEN: There has been only one prosecution?

Mr. TRELEAVEN: There has been only one prosecution to date. In fairness, I may say that there are probably 2 or 3 cases in which, in spite of every effort, we do not appear to have attained the desired result and it is quite likely that prosecutions will result shortly in 2 or 3 other cases for failure to comply with the regulations.

The Acting CHAIRMAN: How many were reinstated?

Mr. TRELEAVEN: The last figure I have is 156,231.

The Acting CHAIRMAN: And three were troublesome.

Mr. TRELEAVEN: A number of them have been troublesome. The adjustments have taken care of them.

The Acting CHAIRMAN: That is a pretty good batting average.

Shall 19 (1) carry?

Carried.

Shall 19 (2) carry?

Carried.

Shall section 20 carry?

Carried.

Shall section 21 carry?

Carried.

Shall section 22 carry?

Mr. GREEN: Will there be any regulations in effect at the time this bill is passed?

Mr. BROWN: The bill is shorn of all regulations. The present regulations are interpreted in the Act.

Mr. GREEN: Will it be necessary to have regulations at all?

Mr. BROWN: I do not see the necessity for any immediate new regulations. I do not say there will not be a necessity for them at some later date.

Mr. GREEN: You have none in mind?

Mr. BROWN: None at the moment.

The Acting CHAIRMAN: Shall section 22 carry?

Carried.

Shall section 23 carry?

Carried.

Shall the title carry?

Carried.

Shall the bill carry?

Carried.

Shall the bill be reported?

Carried.

Now, we have a very short bill before us: "An Act respecting veterans of forces allied with Canada." I want to thank Mr. Harris for the good work he did in connection with this last bill. Mr. Gunn will give us a little assistance on this bill.

Mr. GUNN: Mr. Chairman, this is another bill of the kind we have just dealt with, designed to put into statutory form an order in council, namely, P.C. 7516 of the 22nd of January, 1946, which gave certain benefits to veterans of allied nations. Perhaps the best means of examining the bill would be to take each section. I could start with section 2, which defines allied veteran:

2. In this Act, unless the context otherwise requires,

(a) "allied veteran" means a person who, subsequent to the tenth day of September, 1939, served in the armed forces of any of the nations allied with His Majesty in active operations against the enemy in the war and who, at the time he joined any such forces, was domiciled in Canada;

- (b) "enemy" means Germany and Japan and the other nations associated with those nations in the war;
- (c) "Minister" means the Minister of Veterans Affairs;
- (d) "war" means the war which commenced on the tenth day of September, 1939.

As you will observe he must be domiciled in Canada at the time he joins the forces and at the time he makes his application he must have been resident in Canada.

Section 3:

3. Subject to the provisions of this Act, every allied veteran who within two years from the date of his discharge from service or the eighth day of May, 1945, whichever is the later, is domiciled and resident in Canada shall be deemed to have served in the forces of His Majesty other than Canadian forces, for the purposes of *The Veterans' Rehabilitation Act*, *The Veterans' Land Act, 1942*, and *The Department of Veterans Affairs Act*, and by reason of such service entitled to all rights, privileges and benefits thereunder, subject to such conditions as are in the said statutes contained.

Mr. GREEN: What veterans are concerned primarily; those who served in the French or Belgian armies? What are the numbers of them?

Mr. GUNN: I could not give you the numbers. It takes care of men who were domiciled in Canada at the commencement of this last war—Poles and French—who left Canada to join the forces of their original homeland: French, Poles, Russians, Greeks.

Mr. GREEN: They did not leave to join the Russians?

The Acting CHAIRMAN: He is carrying it a little further.

Mr. GUNN: I am taking in all those who might do this.

Mr. BLAIR: The United States?

Mr. GUNN: The United States, of course. Any of those nations which served with Canada against the German Reich.

Mr. GREEN: We should have some idea of how many are involved and what armies they are with.

Mr. WOODS: We did make a survey of the numbers involved. I have not got the figures with me to-day, but as I recall there were approximately 1,000 that were recruited in Canada in allied forces. That includes the Netherlands, Poland, Norway and Czechoslovakia. We have no records of those who left this country prior to the outbreak of war, when war was in the air, and returned to their own country—reservists. The only record we have is of those recruited in Canada under the authority of an order in council; men who were encouraged by the National Defence Department to go into the forces of their own tongue because it was felt they could render better service to the cause by so doing.

Mr. GREEN: That was long after France fell. Some of the explanatory notes here point out that the bill is to cover men who were discharged from their armies in 1940.

Mr. GUNN: That is taken care of by a substantive clause.

The Acting CHAIRMAN: Go ahead.

Mr. FULTON: Do we get anything in the way of a set-off by the other governments?

Mr. WOODS: We are negotiating a deal. The Dutch government has undertaken to reimburse Canada for any expenditure on behalf of its troops. It has not been possible to conclude any arrangement with the Polish government for obvious reasons and no arrangement has been made with the Czechoslovakian

government. Reference is made later on in the bill to the minister negotiating with other countries for reciprocal arrangements so that Canadians will be, so far as possible, treated the same in those countries, and also reciprocal arrangements whereby there can be deducted from the benefits paid by Canada any benefit that is paid for the service of the country in whose forces he served.

Mr. GREEN: Suppose a man went back to the Netherlands early in 1939, before the war was declared, is he covered by this bill?

Mr. GUNN: We are only concerned with his service in the armed forces of one of the allied nations, and that service will not have been subsequent to the 10th of September, 1939.

Mr. GREEN: Suppose a man went back to the Netherlands in January of 1939 and in due course served in the Netherlands army, what check is there so that we may know that that man was really a Canadian at that time?

The Acting CHAIRMAN: We have no record of that at all. He would not be one of the people we contemplate. These are the ones domiciled in Canada on the 10th of September.

Mr. GREEN: If he comes back to Canada now, is he entitled to claim these benefits?

Mr. WOODS: He must have been domiciled in Canada at the time of his enlistment.

Mr. GREEN: Your only test is the question of domicile?

The Acting CHAIRMAN: Yes.

Mr. GREEN: You do not have any restriction on other than whether he was domiciled in Canada?

Mr. ADAMSON: I had a case which I took up with the board at some length. This man had been living in Canada but was not domiciled actually on the date specified because he was serving on one of the Canadian Pacific ships, and the Canadian Pacific ships are of London registry; therefore he was not included as being domiciled in Canada. I want to bring that up now to see if something might be done in the bill to cover a case like that.

Mr. SINCLAIR: A great number of American citizens living in Canada went south to join the American forces and apparently will get our benefits which are more generous than are the American benefits. At the same time a large number of Americans, before the United States was in the war, joined Canadian forces. Should they too get our more generous amounts? We seem to do all the giving and none of the getting as far as the Americans are concerned. Americans who left Canada and joined the American service are to get the full Canadian benefits; on the other hand, Americans who came to Canada—and these are the ones who deserve the benefits—they too are going to get full Canadian benefits because there is nothing here to say that the person domiciled in Canada should have been a British subject. Some of these people who had no wish to become British subjects preserved their rights as American citizens.

Mr. ADAMSON: Do the Americans who joined the American service get the double benefits?

Mr. WOODS: No, provision is made for that. With respect to the United States, it is only fair to say that any United States citizen who came up to serve in the Canadian forces, if he returns to the United States is eligible for the benefits under the G.I. Bill of Rights. It is not quite correct to say that we are doing all the giving. They do take care of members of the Canadian forces who have resumed their residence in the United States.

Mr. SINCLAIR: We, apparently, are doing more for our veterans than the Americans are doing for their veterans. A Canadian who left Canada and joined the American forces gets our benefits and so does the American who

joined our forces and returned to the United States and joined the American services. In either case they are going to get a better deal with Canada.

Mr. BROOKS: They have to return to Canada and live here.

Mr. SINCLAIR: Yes.

Mr. BROOKS: Then they are Canadians.

Mr. SINCLAIR: They are not Canadians; that is my point. The Americans especially never become Canadians.

Mr. ARCHIBALD: Do they not become Canadians when they come up to reside in Canada?

The Acting CHAIRMAN: No, that is just domicile.

Mr. BENTLEY: Has the United States some kind of bill such as this, that would affect those who came from the United States and joined us and went back there? Would they get the G.I. Bill of Rights or the difference between their benefit and ours?

Mr. WOODS: No; if they return to the United States they benefit under the G.I. Bill of Rights and the United States bears the entire cost.

Mr. GREEN: Does the American government give no benefits to the American who left Canada and went to the United States and joined the American forces?

Mr. WOODS: Oh, yes, if he returns to the United States to live he gets all the benefits.

Mr. GREEN: If he comes back to Canada, does he get no benefits from the United States?

Mr. WOODS: No, except that if he is disabled he gets a pension; but their rehabilitation benefits, like ours, are not payable out of the country.

Mr. GREEN: We give the same benefits to the American who joined the Canadian forces and then went back to the States to live?

Mr. WOODS: We can give them training down there, and they get their war services gratuity.

Mr. GREEN: What will happen to the man who went from Canada to Russia in 1939 and subsequently, when Russia came into the war against Germany in 1941, served in the Russian forces? Under this bill as it is now he will be entitled to Canadian benefits.

Mr. WOODS: No, he lost his domicile.

Mr. GREEN: You are putting your whole test on that very uncertain definition "of domicile".

Mr. WOODS: If he returned to Russia two years before his country was at war and did not come back to Canada surely he was giving up his Canadian domicile.

Mr. GREEN: Not necessarily; that is purely a legal question.

Mr. WOODS: Not necessarily, true.

Mr. GREEN: I suggest there should be some consideration given to tightening up on that definition. If he went over there to serve in the Russian forces after Russia was at war with Germany there is no doubt he should get the benefit, but the way it is worded now it is far wider than that.

Mr. WOODS: It rests on the question of domicile—all veterans' legislation since 1919.

Mr. GREEN: And what other legislation rests on domicile?

Mr. WOODS: The War Veterans' Allowance Act. That makes provision that if he serves in the forces of His Majesty's allies he must have been domiciled in Canada at the time of his enlistment. That has been interpreted, and we have examined each case individually to see if by his actions it was evident that he

intended to abandon his Canadian domicile. A man might leave a farm here and go back to the country of his birth, but we hold that he would not relinquish his domicile; he intends to return.

Mr. GREEN: Can you give us approximate figures of the number of men affected?

Mr. WOODS: Yes. I can certainly table the figures for the various forces. The only ones of whom we have no record are those who left here to return to their own country before the war broke out, but as to those recruited in the dominion I can give you the figures by countries.

Mr. SINCLAIR: I would move an amendment—

The ACTING CHAIRMAN: Not now; make your suggestion so that Mr. Gunn can consider it.

Mr. SINCLAIR: In clause 3, fourth line: “. . . is domiciled and resident in Canada . . .”, I should like to add the little phrase, “and has applied for Canadian citizenship” within that two-year period. I cannot see any reason why we should pay all these benefits to people who come to this country, live in this country, but have no intention of becoming Canadians, and are going to get the full benefits of the Canadian veterans' rights, although they may not have served in the army.

Mr. FULTON: That may have to do with previous domicile. That would cover the difficulty with regard to his previous domicile. If he comes back and applies for citizenship it is fair to assume that he intended to keep his domicile when he first left.

The Committee adjourned to meet on Friday, July 5, at 11 o'clock a.m.

APPENDIX "A"

MINISTER OF RECONSTRUCTION AND REHABILITATION

SASKATCHEWAN

REGINA, Sask.
June 27, 1946.

Mr. WALTER A. TUCKER,
House of Commons,
Ottawa, Ont.

DEAR MR. TUCKER—Pursuant to the request submitted in your wire, I am preparing a detailed brief for submission to the Special Select Committee on Veterans Affairs.

According to what information I can glean from the Minutes of Proceedings of the Special Committee on Veterans Affairs, it appears to me that there is concern over the guarantee of the equity of a co-op member who may resign or be dismissed and also the guarantee of the grants made by VLA. For this reason, I am submitting the following proposals immediately. I realize that these proposals may not meet with the approval of VLA or the Committee and for this reason may best be amended by negotiation. I am prepared to come to Ottawa for this purpose and will be available on and after July 6. I have full authority from the Executive Council to act in this matter and wish it to be known that we are prepared to do everything possible to come to an agreement. I realize that there is very little interest in co-operative farming outside of Saskatchewan, but wish to assure you that the interest here is very considerable as resolutions and representations from Farmers' Organizations, the Federated Co-operatives, Urban and Rural Municipal Associations, Service Men's organizations, The Wheat Pool and other interested organizations evidence.

(1) In order to safeguard VLA grants, we propose that the \$2,320 and multiples thereof be a charge against all the lands and assets of the co-operative; That the co-operative, with the guarantee of the Province, would pay to VLA the present value of the grant, in the event a member of the co-operative withdrew or was dismissed. In lieu of payment VLA would agree to permit a qualified veteran to replace the member within one year of withdrawal.

(2) The member who withdrew or was dismissed from the Co-operative would have his entitlements under VLA restored. His equity on dismissal would be payable immediately, while his equity on withdrawal would be subject to agreement with the co-operative. An Assessment Committee of the Co-operative would determine the equity and in case of dispute, the matter would be referred to an Arbitration Board comprising one member selected by each of the following: The Co-operative, the member, the Province, VLA and the fifth agreed on by the above mentioned.

I think you will agree that these proposals constitute guarantees, both to VLA and the settler, which do not obtain under any other agreement or legislation. Naturally we are anxious to have the matter of grants to Co-operatives decided at as early a date as possible and anything you can do to expedite this matter will be appreciated.

Yours sincerely,

JOHN H. STURDY,
Minister.

APPENDIX "B"

MINISTER OF RECONSTRUCTION AND REHABILITATION

SASKATCHEWAN

REGINA, Sask.

July 2, 1946.

Mr. W. A. TUCKER, M.P.,
Special Committee on Veterans Affairs,
House of Commons,
Ottawa, Ont.

DEAR MR. TUCKER—There are several possibilities as to methods by which those veterans in the province who voluntarily wish to do so can settle on co-operative farms if they are allowed to pool their grants in entering this type of enterprise. These possibilities, along with the type of contract that could, by mutual agreement, be provided between the Provincial Government and the Department of Veterans Affairs, are as follows:—

1. *Crown Lands*—

There are several large blocks of provincially owned land of good quality in the Province which could be made available for settlement by groups of veterans. At the present time we are in contact with several interested groups of approximately ten veterans each, as well as with many individual veterans, who have stated that they would like to become members of a veterans' co-operative farm if the Veterans' Land Act were amended to allow the pooling of grants for the development of such an enterprise. If the Act is so amended the co-operative, with the guarantee of the province, will undertake to pay the Department of Veterans Affairs the present value of the grant in case the veteran leaves the co-operative farm in which the grant is pooled. It is recommended that

- (a) By mutual agreement the Department of Veterans Affairs may permit another veteran to purchase the membership and equity of the veteran withdrawing from the co-operative;
- (b) By this guarantee the Department can re-negotiate with the withdrawing veteran as to the disposal of his equity either for investment in an individual farm or some other line of endeavour;
- (c) The \$2,320 of each individual veteran would be a charge against the land leased by the co-operative as well as against the other assets of the farm;
- (d) As the present value of the grant decreases the individual equity owned outright by the member would increase proportionately. His equity would also increase to the extent of his share of any increase in the assets of the farm as a result of prudent operations;
- (e) An appraisal of the assets would be made by a special committee of the members from time to time and the necessary allocation of increased equity made to the individual member. In case of dispute this would be settled by arbitration. Any appraisal would be subject to revision by the Department of Veterans' Affairs.

The bylaws of the Association will prescribe the conditions under which the member's equity, aside from the present value of the grant, can be made withdrawable either by re-purchase or transfer. The only condition would be the necessary authority of the directors to preserve the stability of the Association against too sudden a withdrawal. Arbitration would be provided for.

2. *Buying a large farm:*

In Saskatchewan there are many more veterans wishing to re-establish themselves in agriculture than there is good land available for their settlement. However, we are in contact with several large-scale farmers who wish to dispose of their property. The grant of an individual veteran would purchase only a small portion of these large going concerns. However, if a group of veterans were allowed to pool their grants to purchase these large enterprises to operate as co-operative farms, rehabilitation for many of our ex-servicemen would be provided and facilitated.

If a group of veterans, say from six to fifteen at the most, wished to pool their grants to buy improved land and equipment by forming a co-operative association, the grant would be the first charge against any such land, buildings, equipment, or other assets of the association, and such grants would be guaranteed by the Provincial Government. In case of withdrawal of an individual veteran from the farm his equity would be guaranteed under the same conditions as in the case of Crown Lands. Similar provision would be made for appraisal of the member's equity, withdrawal of his entire equity and for arbitration.

3. *Where Veterans wish to join a group of Civilians in forming a Co-operative Farming Association:*

In Saskatchewan there are several small groups of civilians operating co-operative farms under The Co-operative Associations Act of the Province. Some of these groups wish to increase their membership and would be glad to accept veterans as members, thus assisting in the re-establishment of some of our veterans. Also, there are several groups in the province consisting of established civilian farmers and farms. In these cases, where one or more veteran might join a group of civilians to purchase improved land, equipment or livestock, the present value of the grant would be a first charge against the co-operative and would be guaranteed by the Government. The bylaws of the co-operative would provide for the withdrawal of member's equity, appraisal of assets from time to time, and for arbitration.

4. *Partial Pooling of Grants:*

Veterans should also be allowed to pool a portion of their grants in co-operatives with limited objectives, for example—in the co-operative ownership and operation of farm machinery, community pastures, livestock production, etc. A similar procedure with respect to guarantee of present value of grants so used, withdrawal of equity, appraisal and arbitration would be provided in the bylaws. For example, in Saskatchewan there are several groups of civilians who are co-operating in the ownership and operation of their farm machinery. There have been two cases where these groups wished to accept a veteran as a member, thus providing him with a complete line of modern equipment to do the work on his land at a relatively low cost. They are willing to make the present value of his grant a first charge against their co-operative and

SPECIAL COMMITTEE

fulfil whatever further agreement is necessary to provide him with adequate security with regard to his equity in the association.

These are all cases in which the pooling of grants would provide for re-establishment of many more of our ex-servicemen in the vocation of their choice. It would provide for their re-establishment on a sound basis with their grants protected as far as the Department of Veterans' Affairs is concerned by the guarantee of the Saskatchewan Government and their equity as far as the veteran is concerned protected by contract with the co-operative farm.

I am attaching for the consideration of the committee the following:

- (1) A letter from the 17 members of the Matador Co-operative farm. I might point out that all three of the Armed Services are represented in the membership of the farm and that the active membership of the farm represents only a small fraction of returned men of this province who are interested in the development of veterans' co-operatives;
- (2) Brief report on a conference on co-operative farming listing the provincial organizations present; A report of the Research Committee will be forwarded on request;
- (3) Report of a Conference on Rehabilitation of Ex-Service Personnel held on December 28 and 29, 1944;
- (4) A report of a meeting of the Department of Co-operation and Co-operative Development, September 21, 1945;
- (5) Resolution passed at the Annual Meeting of the Saskatchewan Federated Co-operatives, Ltd., June 19-21, 1946;
- (6) I have been informed by Mr. F. T. Appleby, President of the United Farmers of Canada, Saskatchewan Section, that a resolution was passed at the annual meeting endorsing in principle recommendation that the Veterans' Land Act be amended to allow veterans to pool their grants for co-operative farming. Copy of this resolution is being forwarded to you by Mr. Appleby;
- (7) I am advised by the Secretary of the Saskatchewan Wheat Pool that copy of a resolution endorsing an amendment to the Veterans' Land Act to allow veterans to pool their grants for co-operative farming is being forwarded to you;
- (8) I would call your attention to a resolution pertaining to co-operatives passed at the Annual Conference of the British Empire Service League;
- (9) News item published in the June 21st issue of the *Leader-Post*.

Yours sincerely,

JOHN H. STURDY,
Minister.

KYLE, SASKATCHEWAN,

June 28, 1946.

The Chairman,
Special Committee on
Veterans Affairs,
House of Commons,
Ottawa.

DEAR SIR,—During our years of military training and action we were taught to work together in order to achieve maximum efficiency of effort. This was a military necessity at the time but it also made us accustomed to group action in other fields both to maintain this efficiency and to continue the comradeship which we enjoyed while in the services.

We are interested in agriculture and believe it provides the widest scope for individual initiative and freedom so we have decided to become re-established in farming as a vocation. In view of the efficiency of the large farm unit it seemed necessary and advisable to pool our funds and work to ensure the greater efficiency which results from large scale operations as compared to trying to become established on a small farm, individually owned and operated. In pooling our resources in the hope of achieving larger incomes and more stability we considered that a sufficiently large group, working together, would enable us to specialize in various directions thus giving scope to individual initiative even though our activities as a group were co-ordinated. This specialization would also result in better quality of products produced which would increase our incomes accordingly. In addition to the increased efficiency which might be expected of the larger unit we felt that by joining our forces we would be in a better position to provide ourselves with educational facilities and social amenities which are desirable for rural life but often so difficult to achieve in communities consisting of scattered homesteads.

Our main purpose is, however, economic, namely that of becoming self-contained agriculturists as soon as possible. We believe that in pooling our individual grants in a co-operative farming enterprise we can, by working together and with sound management, overcome many of the disadvantages which beset the young farmer struggling to become established under conditions which now prevail, with relatively high costs of farm machinery, building materials and livestock. Higher income and greater security for the individual is our aim.

After what we have gone through as soldiers we want to become established as quickly as possible with a reasonable standard of living and have voluntarily decided that we can help ourselves achieve this by using the co-operative method.

To demonstrate what can be accomplished in this regard our group has, in two months, broken 1,400 acres of raw land, worked down and seeded 365 acres of flax, purchased an accommodation building from an airport 42 miles away, part of which we sawed into sections and moved to our building site near Matador, and part of which we dismantled to provide other necessary building materials. Thus, we now have four cottages in livable conditions and are constructing the dormitory for the single men in our group. Very little of this development would have been accomplished in this short period if we had been working as individuals. Plans are also being made at this early date to procure an electric lighting plant which will provide power for our co-operative community, as well as for any other services which we can procure that would be economic for our group of twenty veterans and their families.

However, further development will be possible only if we are allowed to pool the full amount of our grants and consider them as a charge against the entire assets of the co-operative for the first ten years rather than as a charge against individual items on our farm. We are quite willing to make whatever agreement is necessary with the Department of Veterans Affairs and with our individual members to ensure the security of the member's equity as well as his grant through the Veterans' Land Act and which, at the same time, will make it possible to operate this co-operative farming enterprise which we regard as so important in enabling us to become established as agriculturists.

Yours very truly,

Signed:— E. P. Monson
J. E. Howes
A. F. Tone
E. Tone
E. R. Bishop
G. F. Lacy
J. M. McClelland
L. E. Dietrick
H. B. Walker
W. Zazelenchuk
A. P. G. Goldbeck
H. W. Robbins
A. Lilburn
F. R. Barlow
H. W. Health
M. E. St. Cyr
R. Dunn

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(SPECIAL COMMITTEE)

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(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 41

FRIDAY, JULY 5, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister;

Mr. W. G. Gunn, Departmental Counsel;

Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of
Rehabilitation, Department of Veterans Affairs

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REPORTS TO THE HOUSE

FRIDAY, July 5, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWELFTH REPORT

Your Committee recommends that the Government give consideration to the introduction of a bill respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas. A draft of the bill proposed by your Committee is appended hereto.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL

An Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as the Special Operators War Service Benefits Act.
2. In this Act and in any regulations made thereunder, unless the context otherwise requires,
 - (a) "special operator", means a person certified by the Under-Secretary of State for External Affairs as having been enrolled in Canada by United Kingdom authorities for special duty in war areas outside the Western Hemisphere during the war which commenced in September, one thousand nine hundred and thirty-nine, and who, at the time of such enrolment, was resident in Canada;
 - (b) "Western Hemisphere", means the continents of North and South America, the islands adjacent thereto and the territorial waters thereof, including Newfoundland, Bermuda and the West Indies, but excluding Greenland, Iceland and the Aleutian Islands.
3. Every special operator on the termination of his service as such shall be deemed
 - (a) to be a "veteran" within the meaning and for the purposes of
 - (i) The Veterans' Land Act, 1942,
 - (ii) The Veterans' Insurance Act,
 - (iii) The Veterans' Rehabilitation Act,
 - (iv) Part I of The War Veterans' Allowance Act, 1946, and
 - (v) The Unemployment Insurance Act, 1940;
 - (b) for the purposes of The Department of Veterans Affairs Act, to have served in the naval, military or air forces of His Majesty;
 - (c) for the purposes of the Civil Service Act, to have served on active service overseas with the naval, military or air forces of His Majesty;
 - (d) for the purposes of the Pension Act, to have been a member of the forces who performed service as a sergeant in the military forces in a theatre of actual war;

- (e) for the purposes of the Income War Tax Act, and during the period of his service as such, to have been a member of the Canadian Military Forces while in Canadian Active Service Forces and overseas on the strength of an Overseas Unit outside the Western Hemisphere;
- (f) for the purposes of The Reinstatement in Civil Employment Act, 1942, to have been on service in His Majesty's forces.

4. Every special operator, on the termination of his service as such, shall be deemed to be a discharged member of the forces with the rank of a sergeant in the military forces, for the purposes of The War Service Grants Act, 1944, without prejudice to any rights, privileges or benefits to which he is entitled under that Act for service in any of His Majesty's forces.

5. Every special operator who is not as a member of His Majesty's forces entitled thereto shall, on the termination of his service as such, be entitled to receive a rehabilitation grant and clothing allowance equal to that which he would have received if he had been a member of the Canadian Army overseas with the rank of sergeant.

6. For the purpose of applying any Act mentioned in sections three and four of this Act to special operators the Minister administering the same may extend any time limited therein for the doing of anything, but not beyond one year from the time so limited.

7. The Governor in Council may make regulations for carrying the purposes and provisions of this Act into effect.

8. For the purposes of this Act and any Act mentioned therein the period of a special operator's service as such shall be the period certified by the Under-Secretary of State for External Affairs.

FRIDAY, July 5, 1946.

The Special Committee on Veterans Affairs beg leave to present the following
as a

THIRTEENTH REPORT

Your Committee recommends that the government take the appropriate action to ensure that all departments and agencies of the Dominion government comply fully with the provisions of the Reinstatement in Civil Employment Act. All of which is respectfully submitted.

WALTER A. TUCKER,

Chairman.

FRIDAY, July 5, 1946.

The Special Committee on Veterans Affairs begs leave to present the following
as a

FOURTEENTH REPORT

Pursuant to an Order of Reference dated May 14, 1946, your Committee has studied the subject-matter of Bill 54, entitled "An Act to amend The Reinstatement in Civil Employment Act, 1942," has examined the provisions of The Reinstatement in Civil Employment Act, 1942, the regulations made thereunder and amending Orders in Council. Its conclusions are embodied in a draft of a suggested bill, a copy of which is appended hereto.

Your Committee recommends that the government consider the advisability of introducing such a bill.

All of which is respectfully submitted.

Chairman.

DRAFT OF A PROPOSED BILL

An Act to provide for the Reinstatement in Civil Employment of discharged members of His Majesty's Forces and other designated classes of persons.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

SHORT TITLE

1. This Act may be cited as *The Reinstatement in Civil Employment Act, 1946*.

INTERPRETATION

2. In this Act and in any order or regulation made thereunder, unless the context otherwise requires,

- (a) "applicant" means a person who is or claims to be entitled to reinstatement under this Act;
- (b) "employer" in relation to any person accepted for service in His Majesty's forces, means a person carrying on any undertaking or service in which the person accepted for service had been employed for at least three months immediately prior to the date on which he was accepted for service, or in which on that date he had employee status or a recognized position by reason of an agreement between one or more employers and one or more trade unions or groups of employees; and references to an employer shall be construed as including references to any person for the time being carrying on any undertaking or service with which has been amalgamated the undertaking or service in which the person accepted for service was employed when so accepted or in which it was comprised when the employee's service in His Majesty's forces began;
- (c) "Minister" means the Minister of Labour;
- (d) "reinstated employee" means an employee who has been reinstated under this Act;
- (e) "reinstatement" means reinstatement under this Act;
- (f) "Reinstatement Officer" means a person designated as such under this Act;
- (g) "reinstatement period" means the period of three months after discharge in Canada from the service or from hospital treatment following discharge in Canada, or the period of four months after discharge overseas or from hospital treatment following discharge overseas;
- (h) "Selective Service Officer" means a National Selective Service Officer appointed under the National Selective Service Civilian Regulations; and
- (i) "service in His Majesty's forces" means—
 - (i) service on active service in World War II in the naval, military or air forces of any of the nations allied with His Majesty, or any period of training, service or duty in consequence of having been called out under *The National Resources Mobilization Act, 1940*;
 - (ii) service in the capacity of merchant seaman by any person who is a British subject and a citizen of and resident in Canada engaged in such capacity on or since the ninth day of September, one thousand nine hundred and thirty-nine, on a vessel sailing in coastwise waters or in waters outside the territorial limits of

Canada, whether under Canadian registry or licence or registry or licence of any other country other than a country at war with the United Nations, and after such service for a continuous period of at least six months including layoff periods and after discharge or release from such service, or other termination thereof; Provided that, with the exception of persons who were undergoing training in Dominion Government Marine and Engineering Training Schools for the purpose of fitting themselves for engagement as merchant seamen on the seventh day of May, 1945, such service in the capacity of merchant seaman shall have commenced before the seventh day of May, 1945;

(iii) service as a member of the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom during the period of such service or any period of training, service or duty in consequence of having been called out under *The National Resources Mobilization Act, 1940*.

(j) "World War II" means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine.

TERMINATION OF SERVICE

3. (1) For the purposes of this section, "member of an interim force" means a member of the naval, military or air forces of Canada who has offered to serve in any of the said forces for a specific period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, and who, having been accepted for such service, is so serving.

(2) Where a person was, immediately before becoming a member of an interim force, on active service in the present war in the naval, military or air forces of Canada, his service shall, for the purposes of section five of this Act, be deemed not to have terminated whether or not he continues on active service as long as he continues to perform fulltime duties as a member of one of the said forces until,

- (a) the thirtieth day of April, one thousand nine hundred and forty-six; or
- (b) if he has applied for retirement or discharge from the said service before the thirtieth day of April, one thousand nine hundred and forty-six, until actual termination of his service.

(3) For the purposes of section five of this Act the service of a member of the interim force shall be deemed to have terminated on the thirtieth day of April, one thousand nine hundred and forty-six, unless he has, prior to that date, applied for retirement or discharge.

4. For the purposes of section five of this Act, service by any person in the capacity of merchant seaman, in any case where such service is not terminated prior to the thirty-first day of December, one thousand nine hundred and forty-six, shall be deemed to have terminated on the said day, unless, on the said day he is engaged in such capacity on a voyage in coastwise waters or in waters outside the territorial limits of Canada, in which case such service shall be deemed to have terminated on the day that voyage is concluded.

REINSTATEMENT

5. (1) It shall be the duty of an employer by whom a person accepted for service in His Majesty's forces was employed when accepted for such service,

to reinstate him in employment at the termination of his service in such occupation and position as would be consistent with the true intent and purposes of this Act and under conditions not less favourable to him than those which would have been applicable to him had he remained in the employment of that employer: Provided, that the right to reinstatement shall be subject to established rules of seniority in the employer's establishment, with retention of seniority rights during the employee's period of service with His Majesty's forces, or, in an absence of such rules, to preference according to dates of first employment in the employer's service with due consideration to continuity of employment in that service: And Provided, further, that for determining the employee's rights to pension or other benefits, service in His Majesty's forces shall be deemed to have been service with the employer.

(2) For the purposes of this Act, where a man has,

- (a) upon being served with an order requiring him to report for military training, service or duty under regulations made by the Governor in Council, or
- (b) in the belief that he has been or will be accepted for service in one of His Majesty's armed forces,

left his employment to comply with the order or to enter the service, he shall be deemed to have been accepted for service in His Majesty's forces at the time he left the employment whether that time is before or after the time this Act comes into force; and his service in His Majesty's forces shall be deemed to have been terminated when he ascertained that he was not being accepted for service therein whether that time is before or after the time this Act comes into force.

(3) Where, after termination of his service in His Majesty's forces, a person receives hospital treatment or is physically or mentally incapable of performing work to which he would have been entitled upon reinstatement, the period of the treatment or incapacity shall, upon reinstatement thereafter, be deemed to have been a period of service in His Majesty's forces for the purposes of this section.

(4) Where the Minister or a Selective Service Officer has, within the reinstatement period, directed or requested a person entitled to reinstatement to accept other employment and the person so directed or requested accepts the employment, his service in His Majesty's forces shall be deemed not to have terminated for the purposes of this Act until the termination of the work which he has been so directed or requested to accept.

(5) Where an employer's employees are employed in various establishments and it is not reasonably practicable to reinstate an applicant in the establishment in which he was employed at the time he was accepted for service in His Majesty's forces, the employer shall reinstate the applicant in one of his other establishments in Canada if

- (a) it is reasonably practicable so to reinstate him; and
- (b) it is or has been the policy or practice of the employer to transfer employees in the applicant's classification from one establishment to another.

6. (1) An applicant may apply to the employer verbally or in writing for reinstatement.

(2) The Minister may prescribe forms to be used in applying for reinstatement but an application is not invalid or defective because it is not in prescribed form.

(3) The fact that an employer has offered to reinstate a former employee within the reinstatement period but before the employee has applied for reinstatement does not affect the employee's right to apply for reinstatement at a later time within the said period.

(4) For the purposes of this Act, if an applicant inquires about reinstatement but does not expressly apply for reinstatement he shall be deemed not to have applied for reinstatement.

7. (1) A person who has been offered reinstatement may accept the offer without prejudice to a claim that it does not comply with the requirements of this Act.

(2) Where an applicant, having been offered reinstatement by the employer and having presented himself for employment, is of opinion that the employment offered does not comply with the requirements of this Act, he may apply for assistance to a Reinstatement Officer in person or in writing.

8. (1) If an employer claims that an applicant is physically or mentally incapable of performing work available in the employer's service, a Reinstatement Officer may arrange for a medical examination of the applicant.

(2) Where, upon discharge from His Majesty's forces, a person is physically or mentally incapable of performing work available in the service of the employer by whom he was employed when accepted for service in His Majesty's forces, he may notify the employer, during the reinstatement period that he intends to apply for reinstatement when he is capable of performing the work.

9 (1) Where there is a practice or policy of paying graduated scales of wages and where increases are given to employees principally on the basis of length of service, it shall be deemed, for the purposes of this Act, that increases are given on the basis of length of service only and in any such case the employer shall, upon reinstatement of an applicant in his previous classification, remunerate him at the rate at which he would, on that basis, have been remunerated if his service in His Majesty's forces had been service with the employer.

(2) Where there is a practice or policy of giving increases in wages to employees by reason of acquired skills, experience or training, the employer shall, as soon as an applicant has, after he has been reinstated, manifested the skills, experience or training, give to the applicant the increases which he might have been given if the relevant skills, experience or training acquired in His Majesty's forces had been acquired in the employment.

(3) The employer shall grant to a reinstated employee upon reinstatement or as soon thereafter as is reasonably practicable every promotion to which he would have become entitled by reason of length of service or seniority if the time spent by the reinstated employee in His Majesty's forces had been spent in the service of the employer.

(4) Where, under the terms of employment, whether under a collective agreement or otherwise, employees obtain a permanent status in the employment or are entered on the seniority lists after having been in the employer's services for a fixed period, service in His Majesty's forces shall be deemed to have been service with the employer for the purposes of determining

(a) his status or position insofar as it affects his right to reinstatement; and

(b) his status or position after reinstatement.

10. (1) Subject to the other provisions of this section, for the purpose of determining a reinstated employee's right to vacation with pay for the

calendar year in which he is reinstated and all subsequent years, the period of service in His Majesty's forces shall be deemed to be time spent in the service of the employer.

(2) Subject to subsection three of this section, a reinstated employee is not entitled to vacation with pay for the calendar year in which he is reinstated unless he is in the employment ninety days in the calendar year after reinstatement.

(3) Notwithstanding anything in this Act the employer may, in accordance with his existing practice or policy or in accordance with a collective labour agreement or otherwise, grant vacation with pay commencing at any time after reinstatement.

11. (1) Where an employer has reinstated a former employee in accordance with section five of this Act, he shall not, without reasonable cause, terminate the employment of that employee and, in any proceedings for violation of this section in any case where the employment was terminated within six months of the reinstatement the onus shall be on the employer to prove that he had reasonable cause for terminating the employment.

(2) Failure of a person who has applied for assistance under subsection two of section seven of this Act to perform the duties of the employment during a period when he is being assisted by a Reinstatement Officer, shall, for the purposes of subsection one of this section, not be reasonable cause for terminating the employment.

12. When reviving a contract of apprenticeship in any designated trade upon the discharge from service in His Majesty's forces of a former apprentice or when entering into a new contract between the former master and such apprentice, due regard shall be given to and allowance made for any instruction relevant to such trade received by the said apprentice while serving in His Majesty's forces, and the relationship of master and apprentice shall be deemed to be the relationship of employer and employee for the purposes of this Act.

13. Where any employer has entered into a mutual agreement with his employees undertaking to restore to employment employees who enlist for service in His Majesty's forces such agreement shall continue in force to the extent that it is not less advantageous to an employee than the provisions of this Act, and subject to such interpretation as may be mutually agreed to by the contracting parties.

PROCEEDINGS AGAINST EMPLOYERS

14. In any proceedings against an employer for the violation of section five of this Act,

- (a) it shall be a defence for the employer to prove that the person formerly employed by him did not within the reinstatement period apply to the employer for reinstatement, except that where such person upon discharge from His Majesty's forces was physically or mentally incapable of performing work available in the service of such employer, it shall not be a defence to prove the facts aforesaid if the said person has notified his employer as provided in section eight of this Act and has within the reinstatement period or within six months thereafter made one or more applications for reinstatement:
- (b) it shall be a defence for the employer to prove that, subject to the provisions of paragraph (a) of this section, the person formerly employed by him applied for reinstatement before he offered reinstatement to him and that having been offered reinstatement by the employer he

failed without reasonable excuse to present himself for employment at the time and place notified to him by the employer; the fact that an applicant has applied to a Reinstatement Officer for assistance under section seven of this Act shall be deemed to be a reasonable excuse for failing to present himself for employment during the period when he is being assisted by the Reinstatement Officer;

- (c) it shall be a defence for the employer to prove that, by reason of a change of circumstances, other than the engagement of some other person to replace him, it was not reasonably practicable to reinstate the person formerly employed or that his reinstatement in an occupation and under conditions not less favourable to him than those which would have been applicable to him had he not been accepted for service with the armed forces was impracticable, and that the employer has offered to reinstate him in the most favourable occupation and under the most favourable conditions reasonably practicable;
- (d) it shall be a defence for the employer to prove that the person formerly employed was physically or mentally incapable of performing work available in the employer's service, except that where such person has notified the employer pursuant to section eight of this Act and has within the reinstatement period or within six months thereafter made one or more applications for reinstatement, it shall not be a defence to prove the facts aforesaid unless the employer also proves that the applicant was so incapable at the time of the last application for reinstatement made within the said reinstatement period or period of six months thereafter;
- (e) it shall be a defence for the employer to prove
 - (i) that the applicant was formerly employed directly or indirectly to take the place of an employee who had been previously accepted for service in His Majesty's forces,
 - (ii) that the applicant would not have been employed if such other employee had not left the employment, and
 - (iii) that such other employee had been reinstated in his employment.

ADMINISTRATION

15. The Minister may designate any person as a Reinstatement Officer to assist in the administration and enforcement of this Act and may issue to a Reinstatement Officer a certificate of his designation as such.

16. (1) A Reinstatement Officer may, for the purpose of enforcing and administering this Act,

- (a) enter at all reasonable times any premises or place, other than a private dwelling house not being a workshop, where he has reasonable grounds for supposing that an applicant was employed before being accepted for service in His Majesty's forces;
- (b) make such examination and inquiry as may be necessary for ascertaining whether the provisions of this Act are being complied with in any such premises or place; and
- (c) examine orally, either alone or in the presence of any other person, as he thinks fit, with respect to any matter arising under this Act any person whom he finds in the premises or place, and require a person so examined to sign a declaration as to the truth of the statements made by him with respect thereto.

(2) Every person shall forthwith furnish to a Reinstatement Officer such information as the Reinstatement Officer may reasonably require in connection

with the enforcement or administration of this Act and shall produce for inspection every register, book, card, wage sheet, record of wages, or other document that he reasonably requires in that connection.

(3) The production of a document purporting to be a certificate of designation as a Reinstatement Officer signed by or on behalf of the Minister is evidence of the designation and a Reinstatement Officer applying for admission to any premises or place under this section shall, if required, produce his certificate of designation.

17. (1) Subject to subsection two of this section, information, written or verbal, obtained under this Act shall not be disclosed to any person except the Minister or his officers in the course of their employment.

(2) The Minister or a Reinstatement Officer may—

- (a) disclose to an applicant or any person acting on his behalf, such information as may be necessary for the enforcement of his rights under this Act;
- (b) disclose information obtained under this Act to a department of the Government or to a court in connection with the administration or enforcement of this Act.

OFFENCES

18. Any employer who contravenes or fails to comply with the provisions of section five or section eleven of this Act, shall be guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars, and, in addition, the court shall order him to pay to the person whom he has failed to reinstate, or whose employment he has terminated, a sum not exceeding an amount equal to twelve weeks' remuneration at the rate at which he was being remunerated by that employer when he was accepted for service in His Majesty's forces.

19. (1) Any person who—

- (a) refuses to supply information as required by this Act;
- (b) obstructs, hinders or delays a Reinstatement Officer in making an inspection of registers, books, cards, wage sheets, records of wages and other documents under this Act; or
- (c) fails or refuses to produce a register, book, card, wage sheet, record of wages or other document, as required by this Act

is guilty of an offence and liable, on summary conviction, in the case of a corporation to a fine of not less than one hundred dollars and not more than one thousand dollars and in the case of any other person to a fine of not less than twenty-five dollars and not more than five hundred dollars.

(2) Every person who contravenes any of the provisions of this Act is guilty of an offence and, where no penalty is expressly provided, liable on summary conviction, in the case of a corporation to a fine of not less than one hundred dollars and not more than one thousand dollars and in the case of any other person to a fine not exceeding two hundred dollars.

20. The Minister shall, where he considers the circumstances warrant a prosecution under section eighteen of this Act, institute and conduct proceedings on behalf of a former employee without cost to such employee.

21. In any prosecution for a contravention of any of the provisions of this Act, the complaint shall be made, or the information laid, within one year from the time when the matter of the complaint or information arose.

REGULATIONS

22. The Governor in Council may make all such orders and regulations as may be deemed necessary or desirable to carry out the purposes and intentions of this Act, which orders and regulations shall have the force of law and shall forthwith be published in the *Canada Gazette* and be tabled in Parliament forthwith if Parliament is in session, and if Parliament is not in session, within two weeks of the opening of the session next following the making of such order or regulation, and he may prescribe the penalties that may be imposed for the violation of such orders and regulations.

23. *The Reinstatement in Civil Employment Act, 1942*, chapter thirty-one of the statutes of 1942, is repealed.

MINUTES OF PROCEEDINGS

FRIDAY, July 5, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., Mr. D. A. Croll presiding.

Members present: Messrs. Adamson, Archibald, Belzile, Benidickson, Bentley, Brooks, Cockeram, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Drope, Fulton, Green, Harris (*Grey-Bruce*), Herridge, Isnor, Jutras, Kidd, Langlois, MacDonald (*Halifax*), McKay, Merritt, Quelch, Ross (*Souris*), Sinclair (*Vancouver North*), Viau, White (*Hastings-Peterborough*), Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, Mr. W. G. Gunn, Departmental Counsel, and Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs.

Consideration of the draft of the proposed bill respecting veterans of forces allied with Canada was resumed.

Mr. Woods was recalled and questioned.

Clauses 1 and 2 were adopted without amendment.

On motion of Mr. Sinclair, clause 3 was amended by the insertion of the words *and who is a British subject* after the word *Canada* in the fourth line thereof.

Clause 3, as amended, was adopted.

Clause 4 was amended by the insertion of the words *is a British subject* after the word *who*, in the second line thereof and by the deletion of the word *or* in the fourth line and the substitution therefor of the words *and every allied veteran*.

Clause 4, as amended, was adopted.

Clauses 5, 6, 7, 8 and 9 were adopted without amendment.

The draft bill was amended by the deletion of clause 10.

The preamble and the title were adopted.

The draft bill, as amended, was adopted, and the Chairman ordered to report to the House accordingly.

The Chairman tabled a draft of a proposed bill respecting loans to veterans to assist in their establishment in business or professionally, copies of which were distributed.

General Burns was recalled, explained the purpose of the bill, and was questioned.

At 1.00 o'clock p.m. the Committee adjourned to the call of the chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 5, 1946.

The Special Committee on Veterans Affairs met this day at 11.00 o'clock a.m. The Acting Chairman, Mr. D. A. Croll, presided.

The ACTING CHAIRMAN: Gentlemen, Mr. Tucker is still away at cabinet council this morning trying to straighten out some matters dealing with veterans' allowances and he has asked me to carry on here.

Mr. GREEN: Is it the intention to deal with war veterans' allowances to-day?

The ACTING CHAIRMAN: I think Mr. Tucker is getting some decision which will be of interest to us in connection with war veterans' allowance. I think we should let that matter stand over until he gets back. In the meantime we can proceed with another draft bill which will probably occupy our time until he returns.

Mr. CRUICKSHANK: Mr. Chairman, would you mind talking a little louder, please, so we can hear up here at this end?

The ACTING CHAIRMAN: All right. The thought is that the matter of the war veterans' allowance might well await until Mr. Tucker gets back. He is trying to straighten out a few matters that were controversial here. We have a few matters this morning that may keep us engaged unless the committee is very quick about them. Was there something, Mr. Brooks, that you wanted to bring up, or are you satisfied to let the matter of the university students stand over? I asked Mr. Woods about it this morning.

Mr. BROOKS: Oh yes, Mr. Chairman. I think Mr. Woods is probably familiar with the case of these three men.

The ACTING CHAIRMAN: Yes, he knows about them.

Mr. BROOKS: I refer to three men who are practically in the same situation as the fifty-one who went to France. As I understand, these three men were enlisted in Canada and were, at the request of the United States, attached to the American army and they served in Italy or Austria much in the same capacity as those for whom representation was made through Mr. Green, and the man whom I met overseas myself. I had intended bringing their cases to your attention this morning.

Mr. WOODS: I am informed by Colonel Leclair that the three men to whom Mr. Brooks refers who served overseas under the auspices of the United States government, served in Italy and I think in Austria. They were used in what is known as psychological warfare, but their actual type of service is a little obscure. It seems to be very doubtful if they were engaged in hazardous work of a type that was dealt with yesterday in reference to the fifty-one special operators who were dropped by parachute into enemy territory. As I understand, these three were engaged in psychological warfare. They followed the armies of conquest and spread propaganda or psychological articles amongst the civilian population. When the cases of these three men were brought to our attention, I wrote to the Department of External Affairs and asked if they would ascertain for us the terms of their contract with the United States government; what the emolument was, what the terms of the contract were and the sort of work they did. When that information is to hand I am inclined to think there will still be time, even if the bill has already reached the House, to include them,

and I am satisfied that we could not include them from the sketchy information that was given to us relating to their service at the present time.

Mr. GREEN: The bill would have to be amended in the House. The bill as we had it before the committee yesterday would not include them.

Mr. WOODS: The bill was to take care of a special group of men.

Mr. BROOKS: Mr. Pearkes is not here this morning. I think he also had some cases which would come under the same heading, and if there are prospects of the bill being amended in the House to take care of these three cases, it would be possible, I assume to do the same with respect to any others who might be found to come within a similar category.

Mr. WOODS: I wrote to the Department of External Affairs asking for similar information with regard to the group about whom Mr. Pearkes spoke yesterday, and I also asked whether External Affairs felt they should be included under the present bill or whether some measure should be introduced to provide for them.

Mr. GREEN: I am sure, Mr. Woods, you are not trying to belittle their services when you say they were not hazardous. My understanding from Mr. Reid was that they were exposed to considerable hazard. They were members of the parachute unit and flew over the Alps half a dozen times, and dropped into enemy territory with these same people for propaganda purposes.

Mr. WOODS: If I said it was not hazardous I did not intend to imply that it was without hazard. What I intended to say was that it was not hazardous to the same degree, and, in fact, a letter from External Affairs drawing our attention to these three said there was a certain amount of hazard associated with their work.

Mr. GREEN: There is no question about that.

Mr. WOODS: Mr. Green asked a question yesterday with respect to the Allied Veterans Benefits Act bill, as to the number who would be affected. This measure makes provision for members of the forces allied with His Majesty who were domiciled in Canada at the time of their enlistment. We have no information on the numbers of such persons who left Canada as civilians to join the forces of His Majesty's allies just prior to and during the war. We have, however, information on the number recruited in Canada in the forces of His Majesty's allies and it was mainly for these that provision was made by order in council which it is proposed to now put in statutory form. These were as follows:—

Belgium	145
Czechoslovakia	149
France	74
Netherlands	178
Norway	104
Poland	165
Yugoslavia	12

For a total of	827
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Mr. GREEN: Then, Mr. Chairman, there are two classes of veterans covered by this bill as it stands at the present time. Firstly, there are those veterans who were recruited in Canada for the allied forces. I do not suppose anybody would have the slightest objection to giving them the benefit. But it also covers anyone who went as a civilian to one of those countries. Take, for example, a man who left here in 1939 and went to Russia and served with the Russian army

against Poland in 1939 and 1940, and was with the Russian army later on when Russia was fighting against Germany; he would be entitled to benefits under this Act. Is it the intention to go that far?

Mr. SINCLAIR: As I see it, there is not the least possible objection to persons who left Canada and joined the forces of allied or associated powers if they were recruited in Canada as Canadians for that purpose. But I do think there is some objection in the case of an American who happened to be living in Canada, who went to the States and there joined up, and who then came back here without any intention of taking up permanent domicile or becoming naturalized. As I understand it, the way this Act stands at the present time, all he has to do is to come back here, submit his application within the time limit prescribed in this Act, and thereby become immediately eligible for all the benefits under the War Service Grants Act. He may not have the least intention of settling down permanently here in Canada. Personally, I do not think the benefit should extend to people of that type; people who really never lived in Canada; people who come back here with no intention of doing anything other than remaining Americans, as they were before they signed up.

The ACTING CHAIRMAN: I think, Mr. Sinclair, perhaps we all agree with what Mr. Green said, but do you not think it may not be possible to carry out what you suggest in all cases? There is the provision with respect to the filing of an application within a specified time.

Mr. SINCLAIR: Yes, there is that to it; they must make their application within one year. The great difficulty as I see it under this is that all they have to do is go to the office of the Secretary of State and file an application so as to qualify for all of the veteran benefits.

The ACTING CHAIRMAN: Well, I think we can take care of that under section 6. I would ask Mr. Gunn to take notice of what Mr. Green has said.

Mr. GREEN: Then there is another case; the case of the man who served in the Italian army when Italy was against us.

Mr. WOODS: Yes, he might have gone over to fight against us and then swung back and served with the Italian army when Italy was with us.

The ACTING CHAIRMAN: When we get to section 6 I will have Mr. Gunn submit a draft amendment which will cover the point which has been raised.

Mr. GREEN: Would that not have to be done in section 2, the definition of allied veterans?

The ACTING CHAIRMAN: Let us see what it says. Yes. We would have to cover that by saying that it would apply only to those who went over under arrangements made with allied powers.

Mr. GUNN: I wonder, Mr. Chairman, if that clause would not belong somewhere towards the end of the bill; if it should not be something to the effect that this Act shall not be deemed to apply to any veteran who at any time served in an army fighting against the allied forces?

The ACTING CHAIRMAN: No. Limit it to those people who went away under that scheme of ours for recruiting in Canada.

Gentlemen, do I get the sense of the committee that it is the intention to cover those people who were recruited in this country by reason of an arrangement made between certain governments and the Canadian government, and also the Americans who went over provided they make their application within two years from the time they returned to Canada? Was that your suggestion?

Mr. SINCLAIR: Yes, provided they make their application for naturalization before they become entitled to apply for the benefits.

The ACTING CHAIRMAN: Providing they make their application for naturalization before they make their application for benefits under the Act.

MR. SINCLAIR: My point is this. Take the United States citizen who came to Canada, joined the Canadian army and served with the Canadian army right through the war and then at the end of the war went back to the States; the American government gives him nothing. I do not see any reason why we should give him anything so long as he stays on the American side. There are many of them. There are many others who did not join the Canadian army but went over and joined the American army and on their return to Canada still remain American citizens, with no thought whatever of ever becoming naturalized Canadians. I think there are fewer Europeans who do not try to become British subjects. I see no reason why we should not give these benefits to that very fine class of American who came up here and joined our air force—They did splendid work there—and then returned to the United States. I believe every one of them should be included. But those people who are not Canadians and who did not serve in the Canadian forces but who returned to Canada and are still not Canadians, and never intend to become Canadians, I do not think should get anything.

MR. BENIDICKSON: Mr. Chairman, may I say that I agree with what Mr. Sinclair says. I don't see the point to the amendment proposed because all a fellow would have to do to qualify would be to pay \$5, the fee for his application for naturalization, and then he could apply for the veterans' benefits. He would not have to spend even the further \$2 to finalize his naturalization, unless he wanted to. I see no value to it unless his action is finalized and provision is made that the grant does not go to him until it is finalized. There is really no effect to the mere application.

MR. GREEN: Is it the intention to have this bill replace an order in council?

THE ACTING CHAIRMAN: That is right.

MR. GREEN: And as I understand it that order in council dealt only with those men who were recruited in Canada by arrangement between Canada and these other governments. If that is the case this bill should read in the same way, and if it does we get away from all the difficulty.

MR. GUNN: That, Mr. Chairman, is not quite correct. The order in council did not refer in terms or by implication to any existing arrangement between governments. It merely stated that those persons who served in the forces of the allied nations should be entitled to certain benefits. If it is the intention now to confine the benefits to those veterans who served in the armies as the result of recruitment proceedings arranged between this country and other allied governments, then perhaps we can amend the definition in such a way as to make it very clear that that is the intention.

While I am on my feet, Mr. Chairman, may I point out that this may not be of very great practical importance for the reason that these people must be domiciled in Canada before they can become entitled to any benefits. They must now be domiciled. And further, Mr. Chairman, the benefits are largely those which only flow to those who are so domiciled. No person can take up land under the Veterans' Land Act without domicile being established in the country. No person is likely to get the Veterans' Rehabilitation Benefits unless he is established, domiciled and approved by the minister as one who is likely to be of value to the country. And so far as the treatment regulations are concerned, they are given to those who are here and are domiciled here. That is, perhaps, not quite true, they may not be completely domiciled, but they are resident here at the time they need the benefits—hospitalization and sick care. In my opinion, Mr. Chairman, the only section which might be of importance when considering the question of permanency in Canada is the one giving them benefits under the War Services Grants Act. I am not arguing one way or the other. I am just drawing your attention, sir, to these practical aspects of the legislation.

Mr. WOODS: Mr. Chairman, I should think it would be within the discretion of the committee, if it saw fit to so recommend, to provide in the definition of veteran in this bill for a person who was born or naturalized a British subject or who had applied for naturalization prior to his enlistment.

The ACTING CHAIRMAN: I do not know whether that would quite do it.

Mr. BROOKS: They are supposed to be in Canada a certain length of time before they apply for naturalization.

Mr. WOODS: Five years.

Mr. BROOKS: That would exclude the man who might have intended to apply for naturalization.

Mr. WOODS: But were they domiciled in Canada? If they have not been here for five years, but if they have been here for two, could you say under the Immigration Act that they were domiciled?

The ACTING CHAIRMAN: The question of domicile, as between the Immigration Act and the Citizenship Act, is one of great misunderstanding, I think; and if we start deciding it on these narrow views, we are not going to get very far. I agree with what Mr. Green has said, that it was the intention to benefit those men who were recruited here by their governments in agreement with our own government. We go that far. The question of Americans arises, that Mr. Sinclair has brought up. I think the point is well made here when he points out that application may be filed and may not be proceeded with. I do not know how you can get over that.

Mr. SINCLAIR: By insisting that he is a Canadian citizen.

The ACTING CHAIRMAN: A Canadian citizen. Then you are going too far.

Mr. SINCLAIR: Why?

The ACTING CHAIRMAN: Suppose he was not a Canadian citizen before he came in.

Mr. SINCLAIR: No. When he becomes a Canadian citizen then he can file his application.

The ACTING CHAIRMAN: You are not really giving him the benefits.

Mr. SINCLAIR: Why should not he become a Canadian citizen? Why should we hand out these things to foreigners who did not serve Canada and are not prepared to be citizens?

The ACTING CHAIRMAN: Do not forget that he fought.

Mr. SINCLAIR: Not in Canada.

The ACTING CHAIRMAN: Oh, but he fought for the common cause with us. These men actually joined under the request from the Canadian government.

Mr. SINCLAIR: When? When Canada went to war in 1939? No; 1, 2 or 3 years later. If he was a Canadian interested in the war, he had a chance to join the Canadian forces. We are going much too far with these people who were not Canadians at heart, who were not Canadians when they joined up and are coming back here and not becoming Canadians but getting all the benefits. They do not want to be Canadians. I speak of the Americans, but I say worse are certain European immigrants who have no desire to become Canadians and who went to fight for Yugoslavia and other countries but not for Canada. I do not think you should give them any preference over the Czechs or Poles who got back themselves and joined those forces. I think when we are spending Canadian taxpayers' money we should spend it on Canadian citizens who gave war service, whether in our army or not.

Mr. KIDD: I want to place on record the case of an American citizen, following the suggestion of Mr. Sinclair. I am not raising any objection to it, but there is in Kingston to-day a man receiving treatment in the D.V.A. hospital, an American citizen, who is to-day an over 20 per cent pensioner. He came to

see me and put his case on paper. I have it with me. Here is his case. His home is across the border in the Watertown or Syracuse area. He came over here before America declared war and served in the Canadian army. He was domiciled here, received his pension and has gone home. In two instances he received an appointment in the vehicles branch, I think it was, as being a 20 per cent pensioner and received his employment in the state of New York. The American veterans make a protest against this boy, saying that they have a better claim on this job because this boy did not serve in their army. He was dismissed and an American discharged soldier took his job. He got a second job or appointment of some kind, and he was let out a second time. I have only this man's word for it, but there is a feeling that the American soldiers' organization are not playing fair along those lines. I am bringing it up along the same lines as others have mentioned. He has appealed to me and he is now receiving D.V.A. treatment. It is along the line of what was mentioned by Mr. Sinclair.

Mr. WRIGHT: I have the case of a Belgian chap who had been in Canada some three years before the war. Apparently he was on the reserve of the Belgian army. When war broke out they called the reserves. He did not desire to go back to Belgium to serve in the Belgian army. He tried to enlist in the Canadian army but was not accepted and was sent by the Canadian authorities to Belgium to serve in the Belgian army. Now he has returned to Canada and I should say that he was entitled to these benefits.

Mr. CRUICKSHANK: Was he a Canadian?

Mr. WRIGHT: Yes, but he did not take out his Canadian citizenship papers.

Mr. CRUICKSHANK: Why not?

Mr. WRIGHT: I do not know.

Mr. CRUICKSHANK: That is the whole point.

Mr. WRIGHT: Probably he had not learned the language. I do not know. To-day he is prepared to take out his citizenship papers.

Mr. BENIDICKSON: In his case he did not have the necessary residence of five years.

Mr. SINCLAIR: Now he has.

Mr. MERRITT: He could protect himself.

Mr. WRIGHT: He could protect himself by taking out his citizenship papers to-day, but we should not wipe out his chances of receiving the benefits.

Mr. SINCLAIR: We are not.

Mr. ROSS: Mr. Chairman, I want to support the amendment of Mr. Sinclair. In view of what Mr. Wright said, I think this chap can protect himself and take out his citizenship papers. Why in the world we should be responsible for people who do not want to become citizens of this country I cannot understand. They have every opportunity in the world to become citizens of this country, if they want to be protected under this bill. Certainly that is the way the government should proceed in this matter.

Mr. GREEN: Mr. Chairman, is it not a fact that the situation is not quite that clear? A man who was not a Canadian citizen could enlist in the Canadian army and many did so.

Mr. SINCLAIR: He is covered.

Mr. GREEN: There are many who did not go in as a Canadian citizens.

Mr. SINCLAIR: No.

Mr. GREEN: In the next house to one of those men there may be another young chap of the same nationality who was persuaded to enlist in the Norwegian forces. The Canadian government advocated that these men should enlist in their own forces.

Mr. WOODS: That is right.

Mr. GREEN: If your suggestion is followed out, the young man who went into the Norwegian forces at the instigation of the Canadian authorities would get no help, whereas the other young Norwegian who went into the Canadian forces would get it, though neither one of them is a British subject.

Mr. HERRIDGE: Does the time served in the allied armies count or is it taken into account for the time required to secure citizenship?

The ACTING CHAIRMAN: My recollection may be wrong on this and some of you may recollect it. I think the Act provides that in cases of soldiers who served in the allied forces, the Secretary of State has authority to lessen the time and make special provision. Do you recall that, Mr. Green?

Mr. GREEN: I am not sure. But citizenship is not the test for anyone who served in the Canadian forces.

The ACTING CHAIRMAN: No. But it is the test of a good citizen.

Mr. SINCLAIR: Anyone who served in the Canadian forces is completely covered, whether he was a Czech, a Pole, or an American. He is completely covered. We do not need to deal with them. Those were people who were citizens of other countries.

Mr. GREEN: What is the difference between that man and his brother who was sent by the Canadian government to the Norwegian forces?

Mr. SINCLAIR: No, not sent by the Canadian government. He was given an opportunity to say whether he was a Norwegian or a Canadian. He chose to be a Norwegian. If he comes back and still wants to be a Norwegian, let Norway take care of him.

Mr. GREEN: They were advised to go into these forces that were being raised and trained in Canada.

Mr. CRUICKSHANK: But they were never sent into them.

Mr. QUELCH: I think the situation really was that they refused to join our forces.

The ACTING CHAIRMAN: Gentlemen, order. I think Mr. Quelch said that in his opinion he thought they were men who had refused to join our forces and consequently had to join the forces of the other countries.

Mr. QUELCH: Quite often.

The ACTING CHAIRMAN: I do not think that is entirely true, from my own knowledge. Some of you may know other people, but I knew some people who objected to joining forces other than Canadian but were told they must and had no choice.

Mr. CRUICKSHANK: Who told them that?

The ACTING CHAIRMAN: It was told them by the Canadian government.

Mr. CRUICKSHANK: No, no. That is entirely wrong.

The ACTING CHAIRMAN: Oh, no.

Mr. CRUICKSHANK: I am tell you yes.

The ACTING CHAIRMAN: It is not. I know the people.

Mr. CRUICKSHANK: Well, Mr. Chairman, I say the Canadian government never forced a man to join any other forces. I can prove otherwise.

The ACTING CHAIRMAN: Well, I know of some.

Mr. CRUICKSHANK: Ask the deputy minister or anybody else. It is nonsense to say that the Canadian government forced men to join other forces. They could not force them to join the Canadian army. In view of that do you mean to say that they forced them to join other forces? I do not believe it.

The ACTING CHAIRMAN: Well, that may be.

Mr. ROSS: Mr. Chairman, can you tell us who on behalf of the government insisted that the men join these other forces? We are talking generalities here.

Mr. WOODS: I have it from the Adjutant General in writing that they were encouraged to join other forces.

Mr. CRUICKSHANK: Oh, that is a different story.

Mr. ROSS: I think the chairman is quite wrong. Are we clear on this point, that they were not forced by any government authority to join other forces? Is that clear?

The ACTING CHAIRMAN: That is clear. "Encouraged" is the word. I do not want to argue with Mr. Ross; he being a military man will understand. It was military encouragement they were given, it appears.

Mr. SINCLAIR: There was every military encouragement in the Canadian army.

The ACTING CHAIRMAN: Gentlemen, listen to this for a moment and see if it strikes you as all right: "Those who joined the allied forces recruited in Canada or who is a British subject . . ."

Mr. SINCLAIR: No.

The ACTING CHAIRMAN: Wait a minute. "... by birth or naturalization or had applied for naturalization and left Canada to join the forces of His Majesty's allies." That may cover it. "Who joined the allied forces recruited in Canada." That deals with the order in council the other day.

Mr. SINCLAIR: We still do not like the order in council, Mr. Chairman. At least, I do not.

The ACTING CHAIRMAN: Listen to this—"Or who is a British subject by birth or by naturalization or had applied for naturalization and left Canada to join the forces of His Majesty's allies."

Mr. CRUICKSHANK: I thought we had abandoned the words "British subject". I thought we were Canadians now.

The ACTING CHAIRMAN: Well, we used the words "British subject" at this time. It was used in the Act.

Mr. CRUICKSHANK: What about the flag?

Mr. BROOKS: That does not include the foreigner who was here perhaps for 3 years and had not been here long enough, had not been here for the required 5 years, in order to apply for naturalization. He may have intended to apply for naturalization.

The ACTING CHAIRMAN: What happened to him? What did he do that he is not covered? If he joined the allied forces recruited in Canada, I suppose he is covered.

Mr. BROOKS: Yes. He is covered under that.

The ACTING CHAIRMAN: That is the suggestion there.

Mr. BROOKS: Yes.

The ACTING CHAIRMAN: Or the alternative. In order to get away from those people who left on their own rather than under the scheme that was suggested, they had to either be a British subject by birth or naturalization or had to apply for naturalization before they went away. That would cover the group of people who may have left on their own. That would meet Mr. Sinclair's point.

Mr. SINCLAIR: One of my points, Mr. Chairman.

The ACTING CHAIRMAN: Or one of them. It does not meet the other point that he raises, that he must be a citizen or apply for citizenship before he gets any of these benefits.

Mr. SINCLAIR: I see no difference at all between this group which was recruited either with or without the encouragement of the Canadian government and those who joined their own home forces voluntarily. If anything, the second group is preferable to the first. They did try to get to Belgium or Norway, as in the case of Mr. Wright's man, for example. My point is that these men were domiciled in Canada before they joined up so they had some residence. Their fighting time with the allied forces counts in the citizenship bill. They would have, when they returned to Canada in this two year period, sufficient time to their credit to make up the 5 years required for them to become citizens. I say that only those who are citizens or become citizens should have these grants from the Canadian government. Rather than this long amendment that Mr. Croll has suggested, I would add in section 3 after "Canada" in the 4th line "and who is a Canadian citizen." If he was a Canadian citizen before, he is all right. If he comes home and is not a Canadian citizen, he becomes a citizen before he applies for the benefits.

The ACTING CHAIRMAN: Mr. Gunn has a suggestion, I believe.

Mr. GUNN: Mr. Chairman, I have been trying to gather, shall I say, the sense of the discussion and as a result have prepared an amendment to define an allied veteran. I submit it, Mr. Chairman, for your consideration. "Allied veteran" means a person who, as a result of permission having been granted by Canada to another government to recruit personnel in Canada for its armed forces, served in the armed forces of such government against the enemy in the war and who at the time he joined such forces was domiciled in Canada." You will see, Mr. Chairman, that the whole proposition is based on some arrangement made between the government of Canada and the government of other nations, as a result of which recruitment for those allied countries took place.

Mr. SINCLAIR: It is just the same thing except it is a little longer legal phraseology. I will move an amendment to section 3 that in the 4th line, after the word "Canada" this clause be inserted, "and who is a Canadian citizen." That would mean anyone who was a Canadian citizen before would be covered. But anyone who was recruited in Canada by the government or who went voluntarily to the allied forces and comes back, has got to be a Canadian citizen before he is eligible to apply for benefits.

The ACTING CHAIRMAN: That would read: "Is domiciled and resident in Canada and who is a Canadian citizen."

Mr. ARCHIBALD: Speaking against the amendment, Mr. Chairman, I can see why the hon. member for North Vancouver is appealing on this basis. But there is no basic law, when these immigrants come into this country, requiring them to take out citizenship. They are welcomed in here as workers, in the second place, for their productive powers. They have contributed to the general war effort. You are taking a specific case in this veterans' committee. Rather than dealing with it here, I believe it should be dealt with in the citizenship bill or within the basic laws of the country, rather than trying to take away a specific right.

Mr. SINCLAIR: We have a citizenship bill now. All a man has to do is to say whether he wants to be a Canadian or not. If he wants to be a Canadian, the Canadian government will take care of him. If he still wants to be a Belgian, a Czech or a Pole or an American, let those governments take care of him.

Mr. ARCHIBALD: Let it go to the basic laws so scab labour cannot be imported.

Mr. CRUICKSHANK: He might become a member of parliament.

Mr. BENDICKSON: I would agree with Mr. Archibald completely if we were dealing with those that were serving in the Canadian forces, but we are going away beyond that. We are thinking in terms of people who served outside of

Canada in other forces. It is only there I have some sympathy with the view expressed by Mr. Sinclair, but if there is any discrimination against those who were not Canadian citizens and yet served in the Canadian forces and are now trying to be rehabilitated in Canada I would agree with Mr. Archibald.

Mr. QUELCH: Is it not true that there are foreigners in this country whom we could not call up in our army? After a while they were notified they would probably have to serve in the army of their own country in which case many of them did join up in the Canadian army. I cannot see why we should give them the benefits unless they went into the Canadian army or became naturalized.

Some Hon. MEMBERS: Question.

Mr. GREEN: That is not correct.

Mr. QUELCH: I think it is.

Mr. GREEN: That is not correct because the Canadian authorities had the power to call them up.

Mr. QUELCH: No, they did not.

Mr. GREEN: Yes, they had. There was power under the War Measures Act and the mobilization measures to call up people who were not British subjects, and they were called up. They could not call up enemy aliens but they could call up aliens and they did call them up and they were put in the Canadian forces.

Mr. QUELCH: When?

Mr. SINCLAIR: When?

Mr. GREEN: These men served in the army of the Netherlands or were recruited for Belgium or several other countries such as Norway. They were in exactly the same position only the Canadian government actually stepped in and tried to persuade them to go into that other force.

Mr. QUELCH: That may have been true in the latter part of the war but it was certainly not true earlier.

Mr. BENTLEY: I am not just sure that Mr. Green is entirely right. I have had one experience with an American citizen. That is the group Mr. Sinclair is talking about. He was called up under the N.R.M.A., and was given an option. He told me he either had to answer the call or else he could go back to the United States and join the army there.

The ACTING CHAIRMAN: That is right.

Mr. QUELCH: I know of a similar instance to that mentioned by Mr. Bentley in regard to a Norwegian. They were given the option of either going in the Canadian army or joining the Norwegian army.

Mr. WINTERS: I should like to ask one question as to what extent the American government gives benefits to people of this class?

Mr. SINCLAIR: They get every American benefit if they are American citizens who served in the American forces.

The ACTING CHAIRMAN: He is talking about those who served in our forces.

Mr. SINCLAIR: They are completely covered. If they are American citizens and came and joined here they get all benefits over and above whatever benefits they get there.

Mr. WINTERS: Over and above their own benefits?

Mr. SINCLAIR: Yes.

Mr. GUNN: I must point out that as to the class Mr. Sinclair has last referred to they would not get any benefits under this bill for the reason that section 6, as I pointed out, provides for an adjustment, a reduction. They will only get benefits to the extent they have not received those benefits from their own country.

Mr. SINCLAIR: That is my point. If you read your own literature your department keeps harping on the fact that the Canadian benefits are more generous than those of any other country in the world, so naturally the veteran is going to get more by taking his own benefits plus these things.

Mr. BROOKS: That is just propaganda.

Mr. CRUICKSHANK: I do not know if you remember this but I think that the steering committee sat one day to settle the problems of the veterans and we are wasting a whole day here on a bunch of nonsense. Let us have the question.

Some Hon. MEMBERS: Question.

The ACTING CHAIRMAN: The amendment is moved by Mr. Sinclair that clause 3 be amended by inserting the words "and who is a Canadian citizen" after the word "Canada" in the fourth line of that section. All those in favour? Carried.

Now we come back to section 2, allied veteran. We will have to change the wording of that. The suggestion is that allied veteran means a person who as a result of permission having been granted by Canada to another government to recruit personnel in Canada for its armed forces served in the armed forces of such government against the enemy in the war, and who at the time he joined such force was domiciled in Canada. I think that is the sense of our understanding.

Mr. BROOKS: Does that conflict with Mr. Sinclair's amendment?

The ACTING CHAIRMAN: No.

Mr. GUNN: It is true I put forward this change but I put it forward as an alternative to the definition in the light of the discussion then proceeding. I do not think that the amendment conflicts with the definition as it stands in the Act.

Mr. WOODS: I think that Mr. Sinclair's amendment having been accepted "allied veteran" is all right now.

The ACTING CHAIRMAN: Shall section 2 (a) carry? Carried. Is 2 (b) carried? Carried. Two (c) carried? Carried. Two (d) carried? Carried. Is section 3 as amended carried? Carried.

Then we come to section 4.

Mr. MERRITT: That will require the same amendment.

The ACTING CHAIRMAN: Yes, after "is domiciled and resident in Canada". We will have to carry that through.

Mr. WRIGHT: I should like to ask if there are any limiting times in any of these Acts which would, because of having to take out citizenship, make it impossible to get the benefits of the Act. There may be some limiting time in some of these Acts under which he must make application within eighteen months, and he may not be able to get his citizenship papers within that time.

Mr. WOODS: It is very true there is a limitation on such things as out of work benefits, the rights to training and allowances while awaiting return, and free treatment for twelve months after discharge, but it must be remembered that the free treatment and the out of work benefits were to take care of the year following the date of a man's discharge. That period has passed, and if he is not suffering I doubt the wisdom of extending the period by a year from enactment.

Mr. GREEN: In effect the amendment that has been passed now deprives every veteran who is not a Canadian citizen of the benefits under this Act.

Mr. CRUICKSHANK: No, no.

Mr. WRIGHT: Because of the time limit in some of the other bills.

Mr. SINCLAIR: Only as far as treatment and out of work benefits are concerned.

Mr. WRIGHT: I am not sure of that. There may be others.

Mr. BROOKS: I should like to ask what effect it would have on the dependents. Suppose a man was killed overseas.

The ACTING CHAIRMAN: Section 5 will deal with that.

Mr. BENTLEY: Section 4 in the fourth line—

The ACTING CHAIRMAN: Mr. Brooks asked a question and I told him it would come under section 5.

Mr. BENTLEY: I was wondering what effect this change we have made would have if you put the same words in after "Canada" in section 4 in the fourth line. That means that the dependents' rights are completely washed out because he will not be able to become a citizen now.

Mr. WOODS: Replying to Mr. Wright further these men have had protection up to the present time by virtue of the order in council.

Mr. SINCLAIR: Mr. Bentley's point is if a man dies on service.

Mr. BENTLEY: We may miss out that way. We have said in section 3, "or is a Canadian citizen". If we do the same thing here and say "domiciled and resident in Canada or is a Canadian citizen or who dies on service" the last part "who dies on service" wipes out the Canadian citizenship.

Mr. SINCLAIR: I shall move the same amendment after "Canada" in section 4.

Mr. BENTLEY: You would not want to deprive his dependents?

The ACTING CHAIRMAN: I think we are taking away all the benefits. It strikes me, and our solicitor is rather of the same opinion, that we are likely to deprive these people of all benefits by reason of time limitation. That is the difficulty.

Mr. SINCLAIR: Let me point out that a man who lived in the country since 1939 or 1940 has one or two years then—most of them have had a lot more than that—and then he has five years of war service and two years since then, making a total of nine years. Surely to goodness that Pole, Czech, or Norwegian can go right ahead as far as making application for citizenship and get it very shortly after January 1.

Mr. HARRIS: I think Mr. Sinclair is assuming what I do not know whether or not is the law. I think he is assuming that service in a non-Canadian unit would be credited towards his time for citizenship. I doubt if it will. I think his period in the Canadian army will be, but I do not think service in the forces of the other nationality will be credited towards the time for citizenship. Certainly the amendment that has passed would bar anybody who had not acquired three years residence prior to enlistment in Canada.

Mr. SINCLAIR: I wonder how many there actually are. There has been no immigration since 1931 or 1932. How many would there actually be?

Mr. CRUICKSHANK: I should like to ask a question. I am not a lawyer. If Mr. Mutch were here he would say I am stupid. I am not stupid. I think somebody else is. The question I want to ask is does a Canadian who joined and served in the American forces get all these benefits from the Americans?

The ACTING CHAIRMAN: No, he is getting what the Americans give.

Mr. BENTLEY: They have not got an Act corresponding to this?

Mr. SINCLAIR: No.

Mr. CRUICKSHANK: No, we are just big-hearted.

The ACTING CHAIRMAN: I think you know what you want to do and there is no disagreement. It is just how to do it, and I am afraid we are not doing what we intend to do.

Mr. GREEN: There was disagreement on the vote. I voted against that amendment. I think Mr. Archibald is perfectly right in the statement he made.

We are attempting to import into veterans legislation the qualification that the recipient must be a Canadian citizen. It is the first time I know of that it has been put in any veterans legislation. I think it is most unwise to attempt to do it now. It is directly contrary to the undertaking given by the Secretary of State when the Canadian Citizenship Bill was passed that the test would remain of being a British subject. Now we are rushing to put in the words "Canadian citizen", but apart from that point I think it is unfortunate that we should attempt in a veterans committee to draw that line between these men who did the fighting. I do not think it is wise. I think we are just being led away with a rush into making a mistake that will take an awful lot to clear up.

Mr. SINCLAIR: Just for the record I think Mr. Green is trying to becloud the issue. There is no difference in our legislation for a Pole, Czech, American or anybody else who joined and fought with the Canadian army. We have given them every right. There has never been any question of that, but when it comes to a man who was a Pole or American and who did not join the Canadian army but fought with the Polish army, Czech army or American army, and who comes back to Canada and still does not become a Canadian citizen I say that taxpayers should not give those men the benefits. The people who should be giving him benefits are the Polish government, Czech government or the American government whose citizen he is and in whose army he fought. We are going too far for people who are not Canadians and did not fight for Canada. On the other hand as to non-British subjects who did fight in the Canadian army we have given them, and quite rightly, every single benefit that it is possible to give them.

Mr. ARCHIBALD: Then why do you allow them to come into the country?

Mr. CRUICKSHANK: Bring that up in another place.

Mr. SINCLAIR: You had your chance there.

Mr. ARCHIBALD: I never thought of it until you brought it up.

Mr. SINCLAIR: You should do a bit of thinking.

Mr. GUNN: Mr. Chairman, as you have pointed out the amendment is certainly well intentioned, but as we look at clause 4 you will observe it deals not only with the man who has come back within a certain period and has re-established his domicile if perchance he has lost it during the interval but it deals with the individual who has died on service. If you are going to import the qualification of being a Canadian subject that means that he must have been a Canadian subject before he ever enlisted.

Mr. MERRITT: It is in the alternative. It says "or".

Mr. GUNN: That takes in two classes. There are two classes of people dealt with, those who do come back and become re-established and those who fail to come back because they are killed on service.

The ACTING CHAIRMAN: Do you interpret it that the man who died on service is eligible? The committee wants it so interpreted.

Mr. BROOKS: That is the point I was bringing up. I do not think you can put that interpretation on it.

The ACTING CHAIRMAN: You interpret it that the man who died on service is eligible?

Mr. GUNN: Regardless of nationality.

The ACTING CHAIRMAN: Then you are satisfied?

Mr. GUNN: I do not want to say definitely.

The ACTING CHAIRMAN: Just a minute; let us make sure we do not stub our toes here. Let us get the record right.

Mr. BENTLEY: There is no question that the interpretation is that it takes in a man who died on service?

The ACTING CHAIRMAN: Mr. Gunn, who interprets these matters for the department, says that is his interpretation, and he is going to make sure.

Mr. PEARKES: May I ask a question about the time limit? Is it practical for one of these men to become a Canadian citizen within the time limit? He would have to be by May of 1947. I do not know whether anybody has been named a Canadian citizen yet.

The ACTING CHAIRMAN: Not yet. The Act has not been proclaimed.

Mr. PEARKES: There is not very much time. If these men have not lived in Canada for five years before the war the time they have spent in Canada after the war up until May of 1947 would not be enough. They would have no opportunity of ever getting these benefits.

Mr. SINCLAIR: In order to apply to 1947, they only have to return to Canada before May 1947. Is not that the idea?

The ACTING CHAIRMAN: No. Your amendment makes him a citizen before then. That was the point.

Mr. SINCLAIR: Why cannot he be a citizen by that time?

The ACTING CHAIRMAN: I do not think he can.

Mr. SINCLAIR: It does not say that at all.

Mr. GREEN: The Act is not in force until January 1st next year.

The ACTING CHAIRMAN: That is right.

Mr. SINCLAIR: It says, "Every allied veteran who within 2 years from the date of his discharge . . . is domiciled and resident in Canada."

The ACTING CHAIRMAN: And who is a Canadian citizen. He must have everything.

Mr. MERRITT: Make it "who is a British subject" and then when the Canadian Citizenship Act comes into force, he would be covered anyhow; and if at any future time we change the basis of entitlement from "British subject" to "Canadian citizen" in our Act, it will be changed in this Act.

The ACTING CHAIRMAN: Quite right.

Mr. MERRITT: In the meantime it would be in the same order as all other Acts which give entitlement, and which at the present time say "British subject".

Mr. GUNN: I think "British subject" is the better idea.

The ACTING CHAIRMAN: Yes, that is the better idea. With the consent of the committee we will change that to "British subject" by virtue of the Act not being proclaimed until the 1st of January. Is that carried?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Are you satisfied with section 4, Mr. Gunn?

Mr. GUNN: I am not so sure about that.

The ACTING CHAIRMAN: Order, gentlemen.

Mr. GUNN: I am inclined to think that section 4 will need a slight amendment in two places. May I just read it with the amendment? I will indicate where I think it might be necessary to amend it. It reads:—

Subject to the provisions of this Act, every allied veteran who, within two years from the date of his discharge from service or the 8th of May, 1944, whichever is the later, is domiciled and resident in Canada. . . .

And here is where the amendment comes in.

... and who is a British subject ...

Then continuing:—

... and every allied veteran who dies on service shall be deemed to have served in the forces ...

And so on.

The Acting CHAIRMAN: Is there any objection to that?

Mr. FULTON: You have interjected something else there.

Mr. GUNN: I do not know. It is a rather hasty bit of drafting. It is difficult to give such a complicated and technical subject very much consideration in so short a time.

Mr. HARRIS: You had better make it into another section of the Act, I think, because they are entirely different personnel.

The Acting CHAIRMAN: Yes.

Mr. GUNN: That is the only feature that does not belong in the second part, as I see it; that is, citizenship does not enter into the case of a man who dies on service.

Some Hon. MEMBERS: Hear, hear.

Mr. GUNN: I think by stating very definitely, or by the use of words "and every allied veteran" we accomplish what we want to accomplish.

The Acting CHAIRMAN: Is there any objection to that?

Mr. ARCHIBALD: In the case of an individual who went over in one of these national armies, got his discharge from the army over there, but who had resided in Canada—and I am trying to find my way through this, I may say—and cannot get back owing to the transportation tie-up at the present time, where does he end up? He is trying to get back.

The Acting CHAIRMAN: Well, he has got from the 8th of May, 1945 until 1947. He has two years.

Mr. ARCHIBALD: I am telling you that even Canadian citizens cannot get back now.

The Acting CHAIRMAN: Yes, I know. But he has got until the middle of next year.

Mr. CRUICKSHANK: We can protect them by order in council next year.

Mr. SINCLAIR: Why not change the date here—this two years?

Mr. GUNN: Mr. Chairman, the department considered that feature very seriously and had concluded that there must be some definite limitation. Otherwise these people could straggle back for years and make no real attempt to re-establish their domicile; in other words, no real attempt to become citizens of this country. It may be that the time limitation is too short, but may I suggest that an amendment to the Act next session could take care of that if it was found necessary.

The Acting CHAIRMAN: Shall section 4 with the amendment carry?

Some Hon. MEMBERS: Carried.

The Acting CHAIRMAN: Section 4 carries as amended. Then we come to section 5. Are there any observations to be made on section 5?

Mr. GUNN: Mr. Chairman, this clause is new and as you will observe from the explanatory note, was designed to give the widows of a veteran who gets back to Canada within the time mentioned, but who dies before receiving his rights under The War Service Grants Act, 1944, the whole of the rights to which the veteran himself was entitled and did not receive.

The Acting CHAIRMAN: What happens in that case?

Mr. WOODS: She gets his gratuity and re-establishment credit.

Mr. GUNN: Then 5 (2). First, perhaps we had better deal with 5 (1), which deals with the person who leaves a widow. Such widow if resident in Canada and being maintained by the veteran at the time of his death shall, if she has not remarried, be entitled to receive the grants and other benefits to which the allied veteran was entitled in his lifetime. That is really what it means. In other words, she falls heir to any unused benefits of her late husband.

Then we deal in section 5 (2) with the case of the veteran who dies on service leaving a widow who was married to him at the time he joined the forces. Then if that widow has not remarried and again if she was domiciled and resident in Canada at a time within two years from his death or the 8th of May, 1945, whichever is the later, and is so domiciled and resident at the time of her application—there are three essentials there, as you will observe, Mr. Chairman: domicile, residence at the time of her application and the time limitation too—then she shall receive the rights and benefits under Part I of the Act; that is the gratuity, and the gratuity only.

Then 5 (3) deals with the case where there is no person qualified under either of those two preceding subsections; in that case—that is where there is no widow and no person otherwise qualified—if the veteran leaves a mother resident in Canada who, in the opinion of the minister, or such other person as the minister may designate, was wholly dependent on the veteran immediately prior to his death, then such mother gets those benefits.

Then clause 5(4) deals with the case where there is no widow, no mother entitled: there is a declaration to the effect that in that case where there is no widow and no mother, then the money—

Mr. WOODS: The benefits cease to exist.

Mr. GUNN: —goes back to the Crown. The benefits cease to exist.

Mr. FULTON: What is the object of clause (4) where there are children?

Mr. GUNN: I understand where there is no widow, no mother and no children?

Mr. FULTON: What about where there are children?

Mr. GUNN: The children are out. That is as far as the department is prepared to go, in giving the benefits of the gratuity only to the widow if there is one, to the mother if dependent at the time of his enlistment or at the time of his death; and children are not considered.

Mr. BROOKS: Mr. Chairman, I think that the argument that Mr. Archibald used with reference to the men is really more effective with reference to the women. Most of these men came from countries that were occupied during the war. They left their families there and they came to Canada. With this 2 years' limitation—here it is July, 1946—they have only got five or six months more. Under that section these men are compelled to have their wives out here within the next five or six months. That almost seems to be impossible with the shipping situation the way it is at the present time. I think there is more weight to the argument as far as women and children are concerned than there would be as far as the men are concerned. I do not think the time is long enough.

Mr. CRUICKSHANK: Move that it be extended, then.

The ACTING CHAIRMAN: In the case of the women?

Mr. BROOKS: Yes.

Mr. WOODS: It was only intended to provide for wives that were left in Canada.

Mr. BROOKS: Left in Canada?

Mr. Woods: Yes, when the veteran went overseas.

Mr. FULTON: Is there any objection to extending it to the children as well as the widow and the mother?

The ACTING CHAIRMAN: There was the other day. You gave us some reason for it the other day when we dealt with the question of children under one of the other Acts.

Mr. GUNN: The children of the deceased allied veterans may be entitled, Mr. Chairman, to benefits under the Pension Act. Of course, there are financial implications here. The government is prepared to go this far, but up to the present time it has not indicated any desire to go any further in the way of making money available.

Mr. ARCHIBALD: Are we on this date line, Mr. Chairman?

The ACTING CHAIRMAN: Yes. We are on section 5.

Mr. ARCHIBALD: Could you leave it open to this extent, until all restrictions on travel have ceased? That is under the united nations control.

The ACTING CHAIRMAN: I see your point, Mr. Archibald. But we could not very well do that because you could not define what you mean by "until restrictions on travel have ceased".

Mr. ARCHIBALD: Well, until such time as the united nations have not got the pooling of ships, for example. That is what you are running up against at the present time.

The ACTING CHAIRMAN: We would be much safer to fix some date rather than leaving it in an indefinite way.

Mr. QUELCH: It is prerry hard to hear all that goes on down there, Mr. Chairman, but as I understand it, that section 5 only applies to dependents of a soldier who were left in Canada upon his enlistment.

The ACTING CHAIRMAN: Yes.

Mr. QUELCH: It does not apply to any dependents sent over afterwards?

Mr. WOOD: It was intended for dependents who were left behind him.

Mr. QUELCH: Then there would be no difficulty of transportation so far as dependents are concerned.

The ACTING CHAIRMAN: No. The date line does not enter into that, or rather transportation does not enter into that.

Mr. BENTLEY: I do not believe Mr. Quelch is altogether right there. It says, "Domiciled and resident in Canada at a time within 2 years from his death or the 8th day of May, 1945, whichever is the later."

Mr. BROOKS: That is subsection (2). That implies that she has 2 years in which to establish domicile.

The ACTING CHAIRMAN: Are you satisfied?

Mr. GUNN: I am satisfied with it as it is.

The ACTING CHAIRMAN: Shall section 5(1) become part of the bill?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: That is carried. Then section 5(2)?

Some Hon. MEMBERS: Carried.

Mr. QUELCH: Mr. Chairman, before we leave that, may I ask a question? Mr. Woods says that is the intention. Is that what the Act says, not merely the intention? Is that definitely what the Act says, or is that merely the intention and it is not carried out?

Mr. Woods: That is what it was inserted in the Act for. It was the government's intention to make provision for the women left behind in Canada of a veteran who had established domicile in Canada.

Mr. QUELCH: Is that Mr. Gunn's definition of the Act?

Mr. GUNN: Well, yes, Mr. Chairman. As you will observe, the wording is this:—

Where an allied veteran dies on service leaving a widow who was married to him at the time he joined the said forces . . .

That is the veteran we have been talking about and who is domiciled in Canada.

. . . and if such widow has not remarried, and if she was domiciled and resident in Canada at a time within two years from his death . . .

That is assuming that she has a domicile at the time of his death or establishes it within two years.

. . . or the 8th day of May, 1945, whichever is the later, and is so domiciled and resident at the time of her application.

She must be here when she becomes entitled.

Mr. BROOKS: She has two years from the time of his death or two years from the 8th of May, 1945, to establish domicile.

Mr. GUNN: Whichever is the later.

Mr. BROOKS: And that does not mean that she necessarily need be in Canada at all.

Mr. GUNN: That is true.

Mr. WOODS: It does not exclude her.

Mr. GUNN: As you all know, the domicile of the wife is the domicile of the husband. She might have been in another part of the world at the time he was domiciled here. She might have been actually physically located in some other part of the world, but her domicile was still Canada, the domicile of her husband.

Mr. GREEN: Yes. But she has to reside here as well.

Mr. GUNN: At the time of her application, yes. Being a widow, she must establish her own domicile. She retains the domicile of her husband up to the time of his death and it continues to be the same as that domicile of her husband unless she herself changes it by some intentioned act.

Mr. BENTLEY: That is the way you are interpreting it?

Mr. GUNN: Yes.

Mr. PEARKES: A man might have been living in Canada at the time war broke out but his wife might have been living in Norway. Then when he went overseas with the Norwegian forces, she might at some subsequent time have come out to Canada and taken up residence in Canada and would be entitled to these benefits provided she got here before May 1947.

Mr. GUNN: That is correct.

Mr. WOODS: That is correct.

Mr. PEARKES: It has really got nothing to do with the intention, or at least the intention is not being carried out in that, that it is for these women who were living in Canada.

The ACTING CHAIRMAN: No. There could be the case you pointed out; it might be. But the intention was for the people in Canada, although it might cover another such case.

Mr. PEARKES: It is not restricted.

The ACTING CHAIRMAN: No.

Mr. WOODS: It does not exclude them.

Mr. BROOKS: Carrying that further, my objection was that this woman who intended to come out, due to shipping difficulties has been unable to get out within the time limit.

Mr. FULTON: She may not have intended to come in the first place.

Mr. BROOKS: She is covered, according to that.

The ACTING CHAIRMAN: Gentlemen, suppose we carry it as far as we do. There are some valid objections raised here this morning. Some reasonable doubt has been raised. When we find that there are such circumstances, then it is the intention—I think the government is well-intentioned in this matter—that we can deal with it at another time. Let us extend what we can and what we agree on.

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: It may not work out, in which case we will have to correct it. Is section 5(2) carried?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 5 (3)?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 5(4)?

Mr. BENTLEY: No, Mr. Chairman. On section 5(4), I am still wondering if the government may change its mind in connection with minor children.

Mr. CRUICKSHANK: What is the objection to including minor children? Is it financial?

The ACTING CHAIRMAN: Oh, no, it could not be that.

Mr. BROOKS: We have never considered that.

Mr. QUELCH: We ran into this difficulty regarding the War Veterans' Allowance Act the other day.

The ACTING CHAIRMAN: They are covered in the Pension Act.

Mr. QUELCH: They are not covered under the War Veterans' Allowance Act in certain cases.

The ACTING CHAIRMAN: You are quite right.

Mr. QUELCH: I do not think that is any reason why they should not be covered in this, because I think they should be covered under the War Veterans' Allowance Act.

Mr. FULTON: I might point out that they are not actually under the Pension Act by virtue of section 3. This Act only extends the benefits of the Veterans' Rehabilitation Act, the Veterans' Land Act and the Department of Veterans' Affairs Act to the veterans of allied forces.

The ACTING CHAIRMAN: If he dies in the service, there will be pension.

Mr. FULTON: Excuse me; not if he has served in the allied forces because, as I say, this whole Act only extends the benefits of these other three Acts to him. He is not covered directly in the Pension Act, is he?

Mr. WOODS: The Pension Act provides its own amendments. Yes, they are covered in the Pension Act.

Mr. FULTON: They are covered within the Pension Act as it now stands?

Mr. WOODS: That is right. That will come before you.

The ACTING CHAIRMAN: Section 46.

Mr. KIDD: What about the widower with one or more children under 16 who enlists? Are children not provided for?

Mr. WOODS: They will be provided for by pension.

Mr. KIDD: Will they?

Mr. WOODS: Yes.

The ACTING CHAIRMAN: Section 46 of the Pension Act. Shall section 5 (4) carry?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 6.

Mr. MERRITT: I suppose those words in black caps at the beginning of the section would come out?

Mr. GUNN: Yes.

The ACTING CHAIRMAN: Yes. That was a printer's error. You are right, Mr. Merritt. Then section 6. Just read it over. Have you anything to say on that? I do not know just what it means.

Mr. GUNN: Mr. Chairman, perhaps we had better just read the section. It reads:—

Where rights, privileges and benefits of the same nature as are in this Act provided are available at the time of application to or in respect of any allied veteran domiciled in Canada, from the government of the nation with whose forces the veteran served, the minister shall deduct the value of such rights, privileges and benefits from those available to the veteran under this Act, unless arrangements have been made with the said government for reimbursement to Canada of the cost, exclusive of administrative costs, of providing to such allied veteran, his widow or mother, the rights, privileges and benefits available to or in respect of him from said government and such arrangements have been approved by the governor in council.

That is to say, it is intended that the minister shall examine the situation respecting any particular national and ascertain if that national's government has any arrangement of the kind we have mentioned; and if it has such an arrangement, then the value of those rights to which the allied veteran is entitled from his own government shall be deducted.

The ACTING CHAIRMAN: Well, I hope everybody understands that.

Mr. WOODS: It is done with respect to Imperials who served in the R.A.F. who were domiciled in Canada. The British gratuity is deducted from our gratuity and we pay the difference.

The ACTING CHAIRMAN: Shall section 6 be part of the Act?

Mr. BENTLEY: I am sorry to hold it up, Mr. Chairman, but I have just been referred to section 46 and it seems to me that does not cover the situation. Was it 46 or 46A as applied to children?

The ACTING CHAIRMAN: 46A.

Mr. BENTLEY: That only says the United Kingdom. It does not say Norwegians, Czechs or Americans.

Mr. GUNN: No. It is an amendment.

Mr. WOODS: The civilian pension act will be coming to you here.

The ACTING CHAIRMAN: Mr. Gunn will look at it.

Mr. GUNN: Just a minute until I take a look at it here.

Mr. VIAU: It says, "Members of the British Commonwealth of Nations, or in any of the aforesaid forces of any of the countries allied with His Majesty."

Mr. WOODS: That is right.

Mr. VIAU: That is section 46A of the Pension Act.

The ACTING CHAIRMAN: Just a minute until we get Mr. Bentley cleared away. Are you satisfied, Mr. Bentley?

Mr. VIAU: That is page 13.

The ACTING CHAIRMAN: Is that all right?

Mr. BENTLEY: All right.

Mr. BROOKS: I want to ask a question of Mr. Woods. We have been working on our Acts here in Canada. As regards these other nations, we speak about them not having the same principles and the same conditions in their Acts as we have. Are they working on Acts similar to ours at the present time and may we expect that they will have something in their Acts at a future date which will correspond to what we have here or are providing?

Mr. WOODS: It has been almost impossible to negotiate with some of the governments, for obvious reasons. But the Netherlands government may be taken as an example, and they have undertaken to provide all the facilities that Canada provides.

Mr. BROOKS: You have reason to believe that other nations will do the same?

Mr. WOODS: Yes, to the extent we can negotiate it.

The ACTING CHAIRMAN: Shall section 6 be part of the Act?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 7?

Some Hon. MEMBERS: Carried.

Mr. GREEN: Have there been any agreements made?

The ACTING CHAIRMAN: Yes. You told us there were some reciprocal agreements.

Mr. WOODS: With the Netherlands government; and we are negotiating with the United States government.

The ACTING CHAIRMAN: Section 7 (1) and (2)?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 8?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 9?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Section 10?

Mr. WRIGHT: On section 10 I should like to raise one point. It says this Act shall come into force on the 22nd day of January, 1946. That is the date that the original order in council was passed.

Mr. WOODS: Yes.

Mr. WRIGHT: Now we have changed this Act so it is not the same as the order in council. Mr. Woods has stated that certain benefits were paid under the order in council which could not be paid under this Act. So if this Act was retroactive to January, it would mean that there would have to be a claim against some of this money that has already been paid. I think the Act should go into force as of this date or as of the date it is proclaimed, rather than January 22nd, 1946, or you are going to get into difficulty.

Mr. SINCLAIR: You are a good lawyer.

Mr. CRUICKSHANK: Most anybody can be.

Mr. GREEN: That section should come out altogether, I think.

The ACTING CHAIRMAN: Yes. And leave it to be proclaimed, so that it becomes effective whenever it is proclaimed. I think there is something to that. Because of the change that we made, which I think goes to the root of some of the principles involved, there is something to the argument that Mr. Wright has made; there is considerable to it, I think. Is that the feeling of the committee?

Some Hon. MEMBERS: Yes.

Mr. GUNN: Well, Mr. Chairman, I am not so sure whether you are going to accomplish what you want by that. The idea, I think, is to confirm the order

in council in all respects. That is one thing. Another thing is to give to these veterans the additional rights. That is another thing. If some of these people have died, shall I say, in the meantime—if the people concerned have died and the widows have died—then we leave the situation there from 22nd January, 1946 until the date of the enactment where these people have no rights; that is, the survivors have no rights. I think it would be desirable to leave it the way it is.

Mr. WRIGHT: We have restricted the application rather than enlarged it, by saying that they must be Canadian citizens. If they have already received the benefits and are not citizens when this Act comes into force on January 22nd, 1946, then there will be a claim arising.

Mr. FULTON: I think both points could be covered by adding a new section saying that notwithstanding anything in this Act, there shall be no claim to moneys already paid under the order in council. Then this one could stand as it is.

The ACTING CHAIRMAN: Just a minute while the legal department mulls this over.

Mr. WOODS: Mr. Wright's point is well taken, I think. There are some members of the Norwegian forces, for example, who were domiciled in Canada, to whom we have already paid gratuities and re-establishment credits. With the amendment that has been introduced this morning, they would be illegally paid and overpayment would be created, and I would be in the embarrassing position of having to try to recover the overpayment. I suggest, subject to the advice of our counsel, that section 10 be deleted.

Mr. GUNN: I do not see any objection to that.

The ACTING CHAIRMAN: All right.

Mr. GREEN: Can you tell us how many of these men will be affected by the change that has been recommended this morning?

Mr. WOODS: No.

Mr. GREEN: Do you know how many are not British subjects?

Mr. WOODS: It would be impossible to tell that. The information that we received from the various governments indicated whether the fellow was domiciled in Canada at the time of entry into their forces, but that information was not broken down showing how many actually were Canadian citizens or British subjects.

The ACTING CHAIRMAN: Gentlemen, it has been moved that clause 10 be deleted. All in favour?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Shall the title be part of the bill?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Shall the preamble carry?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: Shall the bill be reported?

Some Hon. MEMBERS: Carried.

The ACTING CHAIRMAN: We have before us now an Act Respecting Loans to Assist Veterans in their Establishment in Business or Professionally. Copies of this are being passed out now. It is rather late in getting down, but Major General Burns is here and I suggest that he give the committee a view of what is contained in this bill, or what is intended to be done as a result of this bill.

Mr. SINCLAIR: It is a non-contentious bill?

The ACTING CHAIRMAN: I have not read it.

Mr. SINCLAIR: At 5 minutes to 1 yesterday, this last one was not going to be contentious.

Mr. WINTERS: This is going to be a general statement, is it?

The ACTING CHAIRMAN: Yes, it is going to be a general statement.

Major General E. L. M. Burns, Director-General of Rehabilitation, recalled.

The WITNESS: Mr. Chairman, the purpose of this Act to supplement the existing facilities for rehabilitation. It is modelled somewhat after similar legislation that the United States has under the G.I. bill, and also is somewhat analogous to our own Farm Improvement Loan Act,—I believe that is the correct title—in the principles on which it would be worked.

The purpose is to help a man establish himself in a business or profession for whom the re-establishment credit is not sufficient or who perhaps may have exhausted his entitlement to re-establishment credit by reason of having taken training. For example, a veteran who has graduated and is preparing to practise a profession may need some assistance to enable him to buy equipment to set himself up. So far the banks have been quite generous in providing commercial credit to veterans but it is hoped that if this bill becomes an Act it will enable them to extend the assistance that is given so far.

The principle of the Act is that the banks are guaranteed against a proportion of their losses but that they exercise their usual judgment in making the loan, that is to say, if it is a sound business or professional proposition which the veteran advances. Furthermore it is the intention in the administration of this Act that the re-establishment credits branch will at one stage pass on applications as they do at the present time for the use of re-establishment credit in setting up a business or for the purchase of equipment needed in a profession and so on. The advisory committees set up to help us pass on applications for re-establishment will, if necessary, be used for the purposes of this Act.

I think the only further thing to observe is that for some time the Canadian Legion and other veterans organizations have been suggesting that such legislation should be enacted. At the Quebec convention the Canadian Legion passed a resolution on rehabilitation and they included in the resolution on rehabilitation the following paragraph:—

Many veterans who desire to establish themselves in a business of their own are finding great difficulty in obtaining the necessary capital through the regular lending agencies, and veterans who have completed vocational training and professional courses are likewise finding it difficult to obtain the funds necessary to secure tools, instruments, equipment and other supplies to establish themselves. So we would urge the Dominion Government to establish some system of granting loans through the usual lending agencies analogous to the procedure set up under the Farm Improvement Act which would be a guarantee in bulk against loss by the Dominion Government so that veterans who need financial assistance for business, professional or vocational purposes may obtain it.

The maximum amount of the loan as provided in the Act is \$3,000. I think that covers the general considerations of the bill. It was drawn up by officials of the Department of Finance, and I had hoped that someone would be here from that department.

The ACTING CHAIRMAN: As a matter of fact, it is pretty straight forward.

By Mr. Brooks:

Q. Would the government guarantee the full amount of the loan?—A. I think it states it is an overall percentage of 25 per cent up to the first million dollars.

Mr. WINTERS: Can two or more veterans pool their loans under this Act?

The ACTING CHAIRMAN: These fishermen.

Mr. WINTERS: Not fishing this time.

The ACTING CHAIRMAN: Go ahead.

The WITNESS: I think if two were going in together they would both have to go to the bank, and it would be up to the bank to say whether they were going to advance that much money.

By Mr. Winters:

Q. Under this Act do the veterans approach the bank or do they approach the department and the department approaches the bank?—A. I think the procedure would be that the veteran would approach the department as he does now for his re-establishment credit, and his proposition would be first passed upon there.

By Mr. Green:

Q. Would he approach the bank or would the department approach the bank?—A. He would have to approach the bank.

The ACTING CHAIRMAN: There would be liaison between the department and the bank. He walks into the bank and the first thing he says is, "The department thinks this is a good idea".

The WITNESS: He would have a document of some sort.

By Mr. Sinclair:

Q. What facilities have the department for saying whether or not a business is a good idea? Is not the whole purpose of this putting it into the hands of the banker?—A. We have a considerable number of applications for starting up businesses by using the re-establishment credit, and we would use the local advisory committees.

Mr. JUTRAS: Why do they define "purchase of a business" and the purpose is the purchase of tools, the purchase of a business and any purpose connected with the establishment of the business. The definition of "purchase of a business" includes the purchase of an interest in an existing partnership and the advance of capital for a new partnership.

The ACTING CHAIRMAN: What section are you reading?

Mr. JUTRAS: I am reading the definition of "purchase of a business", section 2(c). I would take for granted it would be any business including a partnership. It only refers to a partnership.

Mr. GUNN: Perhaps I can answer that. You will observe that the definition merely uses the word "includes". It does not preclude or exclude anything that can ordinarily be regarded as a business, but it makes sure that it does include the purchase of an interest in a partnership and so on.

Mr. WRIGHT: Under this Act three veterans could pool the \$3,000 to form a partnership and carry on a business? Would that be possible?

Mr. GUNN: If their credit was reasonably good with the bank. That is all that matters.

Mr. ARCHIBALD: They have allowed up to 5 per cent interest. Is there no way to cut that down a bit in the case of veterans?

Mr. QUELCH: As soon as he defaults a higher rate can be charged.

The ACTING CHAIRMAN: Of course, it is as long as the veteran is not in default. He may pay 3 per cent in which event in the case of default there is always the provision.

Mr. QUELCH: They can charge more than 5 per cent if he defaults.

The ACTING CHAIRMAN: It may work out to be that. It must not exceed 5 per cent.

Mr. BENTLEY: That is in paragraph (g). Does that apply to the rate of interest or to the application of simple or compound interest? It says:

The rate of interest on the loan did not exceed 5 per centum per annum simple interest so long as the veteran was not in default.

Does that mean they can compound it after he is in default?

Mr. GUNN: Simple interest means exactly what it says.

Mr. BENTLEY: Yes, but it says as long as he is not in default. Can they compound it afterwards?

Mr. QUELCH: The 5 per cent only applies as long as the veteran is in good standing, does it not?

The ACTING CHAIRMAN: That is what it looks like. I think that is right, a maximum of 5 per cent as long as he is in good standing.

Mr. QUELCH: What can they charge afterwards? We know what has happened in the west in the past. There used to be a rate of 7 per cent charged by machine companies while in good standing and 10 per cent when overdue, and insurance companies 8 per cent while in good standing and 12 per cent when overdue. I think there should be a limit on the interest they can charge on the amount overdue.

Mr. GUNN: There are certain laws of the dominion and of the provinces relating to exorbitant rates of interest.

Mr. QUELCH: What do you call exorbitant?

Mr. GUNN: But as you will observe this limits the rate of interest to 5 per cent when the loan is made. This only deals with the guarantee of the government to the bank where the loan is made on the basis of 5 per cent for interest. Then if you will observe sub-paragraph (h) takes care of fees, service charges, and charges of any kind other than interest.

Mr. QUELCH: Mr. Gunn is not right on the point. He has not dealt with the question of the rate of interest they can charge if the soldier is not able to meet his payments when due.

Mr. WOODS: The answer to Mr. Quelch's question is to be found in section 6(f) which states that that may be governed by regulation. Section 6(f) states:

To prescribe in the event of default in the repayment of a loan, the legal or other measures to be taken by the bank and the procedure to be followed for the collection of the amount of the loan outstanding, the disposal or realization of any security for the repayment thereof held by the said bank and the rate of interest to be charged on overdue payments.

Mr. CRUICKSHANK: What would it be?

Mr. WOODS: This empowers the Governor in Council to set the rate.

Mr. SINCLAIR: We must have some idea what it will be.

Mr. QUELCH: We all know very well that there will be a lot of soldiers who will be in arrears from time to time.

Mr. GUNN: I might point out that the banks are a party to this proposal. Regulations cannot be imposed upon them to their detriment or they will not do business.

Mr. CRUICKSHANK: They are getting a good deal.

Mr. GUNN: Regulations will be passed on whatever terms can be worked out between the Department of Finance and the banks.

Mr. SINCLAIR: We would like to know all that before we go ahead with it.

Mr. GUNN: Negotiations are still proceeding.

Mr. CRUICKSHANK: Is it not true that these officials cannot answer the question because apparently they do not know?

The ACTING CHAIRMAN: That is right; negotiations are still proceeding.

Mr. CRUICKSHANK: Why bring this bill in now?

The ACTING CHAIRMAN: This bill is brought in for the purpose of discussion at the moment. It is a new bill. You can look at it, read it and consider it. Some very good questions have been asked today which indicate how you are thinking on the matter. Are there any more questions?

Mr. WRIGHT: I should like to ask why we are not giving the chap who is taking out a small loan the same rate of interest that we give the returned man under the Veterans Land Act?

Mr. WINTERS: That is exactly the question I wanted to ask.

Mr. WRIGHT: It seems to me this is something which applies to those who are not able and do not wish to take up land, and that we should, as nearly as possible, give them the same conditions as we are giving to veterans under the Veterans Land Act. I should like to have some explanation as to why that has not been done.

Mr. WINTERS: That is exactly the same point that I wanted to make because there are so many people in various parts of Canada who cannot qualify for benefits under the Veterans Land Act but can qualify under this Act. I think we should have an explanation as to why the interest rate is lower and why the total amount of the loan is limited to \$3,000. There must be some reason for that as opposed to the more generous treatment given to veterans under the Veterans Land Act.

Mr. WOODS: Perhaps I might answer the first question as to why the interest rate under this type of loan is not as low as that provided under the Veterans Land Act. The answer is that it costs more to administer this type of lending. This is what I think the banks would call short term lending. It is quite different to the type of lending by a loan that is repayable in twenty-five years where land is the basis of the security. The administration of this type of loan has always been more expensive because small payments are made intermittently and defaults occur. In the very nature of it it is more expensive to administrate.

Mr. WINTERS: If you look at it from the point of view of the veteran that argument is hardly sound.

Mr. QUELCH: Is it not true that the veteran is getting no preference over the civilian? We have loans being made to civilians by banks for machinery guaranteed in part by the government against loss. They pay 5 per cent interest. What are we giving the veterans now that you are not giving civilians? Nothing.

Mr. SINCLAIR: A ten-year loan cannot be called a short term loan.

Mr. WRIGHT: That was the point I wished to bring out. A short term loan with a bank is generally a year at the outside. A ten year loan is a medium loan or long term loan.

Mr. ADAMSON: Most banks will not take it.

Mr. WRIGHT: Five years is generally considered a medium term loan. Anything over that is a long term loan. Certainly under this measure we are

not giving the veteran anything that we are not giving to a lot of other civilians. The only advantage we give them is we are guaranteeing that they can go in and get some credit, but he is paying for it the same rate as anybody else. I do not think it goes far enough in that respect. At least, it does not go as far as we have been prepared to go with other classes of veterans. I think the terms are rather restricted as they are in this present draft. I would certainly like to see some enlargement of them before it is finally passed.

Mr. ARCHIBALD: As to the \$3,000 loan it might be considered as a small loan but in the aggregate it might amount to quite a bit when taken on a national scale. That is the way it should be looked at rather than as an individual loan. It is something that is done on a national scale and backed by the government.

Mr. WINTERS: What point are you trying to make there?

Mr. ARCHIBALD: Seemingly you charge a higher rate of interest for a small loan to an individual, because they are making their argument on that basis. This is done by the hundreds and it should be a smaller rate of interest.

Mr. HERRIDGE: As far as I can see all that we are giving the veterans is that because the bank is guaranteed against 25 per cent of the loss the bank will possibly be just a little easier in assessing his credit rating.

Mr. SINCLAIR: Possibly.

Mr. WOODS: It is to facilitate credit. That is right.

Mr. QUELCH: Under this we are giving a concession really to the chartered banks, are we not?

Mr. WOODS: No.

Mr. QUELCH: Under the loans to farmers the government only guarantees the farmer up to 10 per cent of the loan. In this case we are guaranteeing the banks up to 25 per cent so we are giving the banks a greater concession under this than we give to the banks as to loans to farmers. If the banks are going to insist on the 5 per cent then I certainly think the 5 per cent should cover current payments and payments of arrears. They are getting a pretty good deal. They should not be allowed to charge a higher rate of interest when payments become overdue.

Mr. GUNN: This bill, of course, is what you might call an enabling piece of legislation.

Mr. CRUICKSHANK: That is not what I would call it.

Mr. GUNN: It enables the government to make the best deal possible with the banks for the use of the facilities of the banks to carry out a scheme which the government thinks is in the interest of the veteran. I am not speaking for the Department of Finance now but I am told that the banks have been canvassed and this is about the best they are ready to do in the way of terms, but if the terms are changed and, for example, the rate of interest is reduced from 5 per cent to 4 per cent then it would seem to me that the banks will come back and say, "Well, we need a higher guarantee." That is all the difference that will take place.

Mr. QUELCH: What did you say?

Mr. GUNN: A greater guarantee.

Mr. WRIGHT: I would probably agree that in doing business the banks cannot afford to handle this type of loan at less than 5 per cent. I think that is quite logical, but I do think the government should be prepared to make up the difference between $3\frac{1}{2}$ and 5 per cent as a grant to the veteran. The banks will not reduce their rate to $3\frac{1}{2}$ because I really think 5 per cent is probably as cheap as they can handle this type of loan but the government should be prepared, when they are lending money to other veterans for other purposes at $3\frac{1}{2}$ per cent, to make up the difference.

Mr. CRUICKSHANK: So far we are giving the veteran nothing.

Mr. ADAMSON: What do the banks charge now for small loans?

The ACTING CHAIRMAN: It is $1\frac{1}{2}$ per cent per month.

Mr. ADAMSON: That is what the small loan companies charge.

Mr. QUELCH: About 6 per cent.

Mr. ADAMSON: So the veteran is getting some advantage in this bill.

The ACTING CHAIRMAN: The point being made here is that the government is making no contribution. I have just been looking at the last page and I can see what happened because the bill was drawn in the Department of Finance on June 4th. I can quite understand.

Mr. JUTRAS: Is not 5 per cent the normal rate of interest for the banks on a ten year loan?

The ACTING CHAIRMAN: Yes, for an intermediate loan.

Mr. ADAMSON: I do not think you can borrow money from any chartered bank for ten years.

Mr. SINCLAIR: On a personal loan against salary the banks charge 6 per cent.

Mr. JUTRAS: Yes, but what do they charge for a ten year loan?

Mr. SINCLAIR: They do not make ten year loans.

Mr. WOODS: I think it must be remembered that veterans under this will have their re-establishment credit. It is hardly correct to state that they are not being given anything. They are being given their re-establishment credit to assist them to go into business, and this measure is merely designed to facilitate lending by the banks.

Mr. CRUICKSHANK: It is quite true they are getting the re-establishment credit but they are getting nothing under this.

Mr. WOODS: Except the guarantee.

Mr. CRUICKSHANK: The bank is getting the guarantee.

Mr. JUTRAS: Do I understand they still get their credits even if they take the benefits of this?

The ACTING CHAIRMAN: Yes.

Mr. QUELCH: Is it intended to bring in an amendment to the Bank Act because this appears to be contrary to the Bank Act?

The ACTING CHAIRMAN: I could not say. I do not know. You are an expert on finance. I could not tell you whether it requires an amendment. Why do you say that?

Mr. QUELCH: I thought a long term loan would be contrary to the Bank Act.

Mr. GUNN: I think the point is that this is an Act of special legislation and it over-rides any Act of a general nature.

Mr. ISNOR: I was going to give the same answer as was given. I do not think that this would in any way interfere with or require an amendment to the Bank Act. May I say while I am on my feet I think there is a distinct advantage to the veteran in the saving of at least 1 per cent. He is definitely assured that he will not be charged more than 5 per cent whereas in other cases he would be charged 6 per cent on a loan of this kind. I think in the amendment of the Bank Act last year the rate was fixed at not more than 6 per cent so there is a saving of 1 per cent. Then again there is a greater risk in connection with a loan of this kind from the standpoint of the banks than there would be with a loan on real estate. There is depreciation and the risk of the business man selling his stock and then not having some kind of security to support his loan.

Mr. QUELCH: Whilst there is a limit of 6 per cent in the Bank Act nevertheless on secured loans the practice is for the banks to make them as low as 4 per cent at the present time. This would be a secured loan, would it not?

Mr. ISNOR: I think they make them on a secured loan as low as 3½ per cent.

Mr. QUELCH: That is on bonds.

Mr. ISNOR: Yes, and other safe securities 4 and 5 per cent, but when you consider a loan of \$3,000 extending over a period of ten years 5 per cent is a fairly good proposition.

Mr. WOODS: The committee will be interested in the G.I. Bill of Rights. The interest rate under that measure in the United States is a maximum of 4 per cent on guaranteed real estate loans and on other loans that are not secured by real estate 5·7 per cent is the maximum rate of interest.

Mr. ADAMSON: That is for banks?

Mr. WOODS: Yes.

Mr. BENTLEY: I believe a little while ago Mr. Woods or Mr. Gunn mentioned that the bank was only guaranteed for 25 per cent by the government. I do not see anything in here that says that.

The ACTING CHAIRMAN: Section 4 on page 3.

Mr. WOODS: 25 per cent on the first million and 15 per cent over that.

Mr. GREEN: The banks have a wide open discretion to turn down a loan?

Mr. WOODS: Yes.

Mr. ADAMSON: The decision, of course, must rest with the bank.

The ACTING CHAIRMAN: Quite right.

Mr. SINCLAIR: Does this necessarily mean that?

Mr. QUELCH: It may mean that on any one individual loan they may absorb 75 per cent of the loss or 100 per cent, but in the aggregate it must not be over 25 per cent.

The ACTING CHAIRMAN: That is what they say.

Mr. QUELCH: It might easily be 100 per cent in regard to one individual who decamped and took everything with him.

Mr. SINCLAIR: If you had failures amounting to one-quarter, which is pretty fair, it could be 100 per cent. The government is going to guarantee for 100 per cent of all their failures.

Mr. BROOKS: They say that the government is making no contribution. The government would make a contribution on any loans that are in default and they might very well make a very large contribution.

The ACTING CHAIRMAN: There is the element of risk and the element of loss. If I recall correctly I think that statistics show that about 22 or 23 per cent has been the record in the United States over a period of years.

Mr. ADAMSON: Commercial failures.

Mr. ARCHIBALD: This emphasizes what I brought up before that they really are not individual loans. As far as the loans are concerned they are taken in the bulk.

Mr. MOORE: When that money is borrowed are they going to borrow the total amount of money required for this project or are they going to the bank on an individual basis?

The ACTING CHAIRMAN: An individual basis. Gentlemen, you have this bill. You have had a pretty fair discussion this morning on it. Everyone is interested. It is being brought here as a result of the representations made in this committee. Look it over. I am sure that Mr. Tucker will be back with his new wisdom by the time we sit here again.

Mr. GREEN: What are we taking up next day?

The ACTING CHAIRMAN: It will be the War Veterans' Allowance Act.

The committee adjourned at 1 o'clock p.m. to meet again at the call of the chair.

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SESSION 1946

HOUSE OF COMMONS

45V21

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 42

MONDAY, JULY 8, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, Mr. W. G. Gunn, Departmental Counsel and Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs;
Mr. M. W. Sharp Special Assistant to the Deputy Minister of Finance.

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1946



MINUTES OF PROCEEDINGS

MONDAY, July 8, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Archibald, Bentley, Croll, Cruickshank, Emmer-son, Fulton, Gillis, Green, Harkness, Harris (*Grey-Bruce*), Herridge, Isnor, Jutras, Langlois, Mackenzie, MacNaught, McKay, Merritt, Moore, Mutch, Quelch, Sinclair (*Vancouver North*), Tucker, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. M. W. Sharp, Special Assistant to the Deputy Minister of Finance.

At the suggestion of Mr. Sinclair, it was agreed that Mr. Charles Van Norman be called to give evidence on Tuesday, July 9, respecting veterans' housing.

Consideration of a draft of a proposed bill respecting loans to veterans to assist in their establishment in business or professionally was resumed.

Mr. Sharp was called, heard and questioned.

Clause one was adopted without amendment.

Mr. Green moved that paragraph (*e*) of clause two be amended to include in the definition of "purchase of a business" the purchase of an interest in an incorporated company.

After discussion, it was agreed that consideration of Mr. Green's motion be deferred.

On motion of Mr. Bentley, it was agreed that the committee recommend that the benefits of the proposed bill be extended to merchant seamen.

On motion of Mr. Croll, paragraph (*b*) of clause three was amended by the deletion of sub-paragraph (*iii*) and the substitution therefor of the following:—

(iii) any purpose connected with the establishment or expansion of his business as may be prescribed;

Mr. Wright moved that paragraph (*g*) of clause three be amended by the deletion of the word *five* in the first line thereof and the substitution therefor of the words *three and one-half*; and that the committee recommend that the banks be subsidized to the extent of one and one-half per cent per annum on outstanding loans.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Paragraph (*i*) of clause three was amended by the deletion of the commas after the words *by* and *of* in the first and second lines thereof.

At 1.00 o'clock p.m. the Committee adjourned until 9.00 o'clock p.m., this day.

EVENING SITTING

The Special Committee on Veterans Affairs resumed at 9.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Baker, Benidickson, Blair, Brooks, Cockeram, Croll, Dion (*Lake St. John-Roberval*), Emmerson, Fulton, Green, Herridge, Isnor, Jutras, Kidd, Langlois, Macdonald (*Halifax*), McKay, Mutch, Quelch, Ross (*Souris*), Sinclair (*Vancouver North*), Tucker, Whitman, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister., Mr. W. G. Gunn, Departmental Counsel and Major General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs; Mr. M. W. Sharp, Special Assistant to the Deputy Minister of Finance.

The Chairman tabled a letter dated July 8, 1946, from the General Secretary of the Canadian Legion respecting veteran preference for employment in the Civil Service of Canada, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Mutch from the subcommittee appointed to study the proposed draft bill respecting civilian war pensions and allowances presented the following as the subcommittee's second and third reports:—

SECOND REPORT

Pursuant to the Order of Reference of May 14, 1946, your subcommittee has examined the draft of a proposed bill respecting civilian war pensions and allowances.

Your subcommittee recommends that the following amendments be made in the draft:—

Clause 2: That paragraph (b) be deleted and the following substituted therefor:—

(b) "War" means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine, the date or dates, as the case may be, of termination of which will be such date or dates, as may be proclaimed by the Governor in Council;

Clause 5: That paragraph (a) be deleted and the following substituted therefor:—

(a) "Canadian national" means a person who is a Canadian citizen as defined in The Canadian Citizenship Act;

Clause 12: That the words *or to which it was chartered* be added immediately after the word *licensed* in the last line;

Clause 39: That clause 39 be deleted.

Clause 52: That the words *Schedules I and II of this Act* in the last line be deleted and the words *Schedules A and B of the Pension Act* be substituted therefor.

Your subcommittee also recommends that the draft of the proposed bill be further amended to include provision for the following groups similar to that provided for other civilian groups:—

1. V.A.D.'s who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942;
 2. Former members of the Canadian Red Cross Society and the St. John's Ambulance Brigade who served in an actual theatre of war;
 3. Orthopaedic Nurses selected by Canadian Red Cross Society for employment by the Scottish Ministry of Health;
 4. Former Civilian Flying Personnel of No. 45 Group R.A.F.
- and that provision be made for former members of the Pacific Coast Militia Rangers similar to that provided for members of the A.R.P.

All of which is respectfully submitted.

THIRD REPORT

Pursuant to Order of Reference of May 24, 1946, your Subcommittee has examined the representations of the following groups urging claims to benefits under veteran legislation:—

1. Supervisors in the Auxiliary Services.
2. Fire fighters who served in the United Kingdom.
3. V.A.D.'s who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942.
4. Members of the Canadian Red Cross Society and the St. John's Ambulance Brigade who served in an actual theatre of war.
5. Orthopaedic Nurses employed by the Scottish Ministry of Health.
6. Former Civilian Flying Personnel of No. 45 Group R.A.F.
7. Instructors in Elementary Training Flying Schools.
8. Instructors in Air Observers Schools.
9. Transport Service, Northwest Field Force.
10. Auxiliary Services—Headquarters Staff.
11. Civil Security Police.
12. Radio Engineers.

The Subcommittee recommends that no action be taken in respect of the groups numbered 7 to 12 inclusive.

In respect of groups 1 to 6, your Subcommittee recommends that they be granted limited benefits as follows:—

1. *Supervisors in the Auxiliary Services*
All benefits granted to veterans.
This is in accordance with the recommendation of the Main Committee.
2. *Fire Fighters Who Served in the United Kingdom*
 - (a) A gratuity of \$15 for every 30 days of service overseas;
 - (b) Eligibility under The Veterans Insurance Act;
 - (c) Rehabilitation grant as determined in paragraph (f) of Section 2 of The Veterans Rehabilitation Act of the same amount and subject to the same conditions as granted to veterans;
 - (d) Eligibility to vocational and technical training benefits under The Veterans Rehabilitation Act;
 - (e) The rights, privileges and benefits under The Unemployment Insurance Act, 1940;

- (f) To be deemed, for the purposes of the Civil Service Act, to have served on active service overseas with the naval, military or air forces of His Majesty;
- (g) Class III treatment as provided for veterans under The Department of Veterans Affairs Act;
- (h) Income Tax exemption 20 per cent of pay and allowances;
- (i) If pensionable, eligibility under the provisions of The Veterans Land Act, 1942.

It will be noted that this recommendation is not as generous as that of the main committee. It was the feeling of your Subcommittee however, that some distinction should be made between the members of this Corps and veterans of the Armed Services.

3. *V.A.D's Who Served With the Canadian Army Under the Provisions of Order in Council P.C. 49/3546 of April 30, 1942*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
4. *Members of the Canadian Red Cross Society and the St. John's Ambulance Brigade Who Served in an Actual Theatre of War.*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
 - (c) A gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act, 1944.
5. *Orthopaedic Nurses Employed by the Scottish Ministry of Health.*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
 - (c) A gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act, 1944.
6. *Former Civilian Flying Personnel of No. 45 Group R.A.F.*
 - (a) Vocational and educational training as for veterans;
 - (b) Benefits under The Veterans' Land Act, 1942;
 - (c) Gratuity of \$15.00 for every 30 days of service;
 - (d) Re-establishment credit;
 - (e) Class III treatment under the Veterans Affairs Act;
 - (f) Eligibility for veterans insurance;
 - (g) Income tax exemption as great as that granted any other civilian group.

All of which is respectfully submitted.

Consideration of a draft of a proposed bill respecting loans to veterans to assist in their establishment in business or professionally was resumed.

Examination of Mr. Sharp was continued.

Consideration of Mr. Green's motion to amend paragraph (e) of clause two was resumed.

After consideration, and the question having been put on the said motion, it was resolved in the affirmative.

Clause two, as amended, was adopted.

Mr. Cruickshank moved that paragraph (j) of clause three be amended to provide that security taken be confined to the real or personal property in respect of which all or part of the proceeds of the loan are to expended.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Clause three, as amended, and clauses four and five were adopted.

Paragraph (e) of subclause one of clause six was amended by the insertion of the words (*but subject to paragraph (g) of clause three*) following the word Act in the third line thereof.

Clause six, as amended, and clause seven were adopted.

Subclause one of clause eight was amended by the insertion of the words *on summary conviction* following the word *liable* in line five thereof and by the deletion of all the words following the word *dollars* in line six.

Clause eight, as amended, and clauses nine and ten were adopted.

Clause eleven was amended by the insertion of the words *together with all regulations passed under the provisions of this Act* following the word *Parliament* where it first appears in line four thereof.

Clause eleven, as amended, clause twelve, the preamble and title were adopted.

The draft bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

At 11.00 o'clock p.m., the Committee adjourned until Tuesday, July 9th, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 8, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m.

The Chairman, Mr. W. A. Tucker, presided.

Mr. SINCLAIR: Mr. Chairman, before the committee starts I should like, if I may, to bring something to their attention. Yesterday I met a Canadian architect who a year ago was sent over to Great Britain by the British Columbia timber industry to sell wooden housing. Three months ago the British government requested him to go to Great Britain. For the last two and a half months he has been planning their wooden housing and rebuilding program and they are under a ceiling of £1,150. He is now going back to Vancouver and is spending today with the Department of Trade and Commerce. I thought it would be a good thing to have a man like that, who knows something about building and architecture, come before the committee. Incidentally, he was the first architect for the Veterans' Land Act administration.

Mr. WOODS: Yes.

Mr. SINCLAIR: I thought it would be a good thing to have him come before the committee to say what they are doing in Britain and to give us generally information on low-cost housing and mass-built housing. He is willing to come here at 11 o'clock tomorrow if that is agreeable.

Mr. HERRIDGE: I should like to support that suggestion made by Mr. Sinclair. This gentleman, I understand, is a man with an international reputation. I am sure it would be to the benefit of the committee to hear him and they would get a good deal of sound advice.

Mr. CROLL: Where does he come from? Toronto?

Mr. SINCLAIR: British Columbia.

The CHAIRMAN: What is his name?

Mr. SINCLAIR: Van Norman.

The CHAIRMAN: His initials?

Mr. SINCLAIR: Charles Van Norman.

Mr. CROLL: Carried.

The CHAIRMAN: Is it satisfactory to the committee?

Carried.

Where can the clerk get in touch with him?

Mr. SINCLAIR: I will get in touch with him. He is with the Department of Trade and Commerce today but he will be here at 11 o'clock tomorrow, if that is agreeable.

The CHAIRMAN: Now we are going to endeavour, if we can, to complete consideration of the bill respecting loans to veterans to assist in their re-establishment in business or professionally, with the hope of reporting it and getting it on the order paper as soon as possible. I am sure I do not need to mention to the committee that the sooner we get some of these important bills on the order paper, the surer we are of getting them through this session. This is not in any way covered by order in council so I hope we will be able to report it without undue delay. I understood it was the desire of the committee to hear from the Department of Finance this morning in regard to certain aspects of

this proposed bill and Mr. Sharp is here from the Department of Finance. I would ask him to come forward and give an explanation, and answer any questions the committee wishes to ask.

Mr. M. W. Sharp, Department of Finance, called.

By the Chairman:

Q. You have a statement, have you, Mr. Sharp, in regard to this bill?—

A. No. I thought perhaps the purpose of the bill had been explained.

Q. I believe there were some aspects of this bill the committee wished to have Mr. Sharp explain. One of them, I think, had to do with the rate of interest. Is that not correct? I was not here. Would you just deal with that, Mr. Sharp, to start off with?—A. I understand that the question was raised at the last meeting of the committee as to why the rate of interest was 5 per cent. I think the explanation is this, that this bill is not a piece of bonus legislation. Its intention is to ensure that all credit-worthy veterans who have a reasonable proposition can get an advance to supplement the gratuities and the re-establishment credits already provided in the legislation. It was considered that the best way of getting these facilities made available for the veteran was through the chartered banks, because the chartered banks have branches in all parts of the country. You cannot find any other agency in the government or outside the government that can service the whole country so effectively as the chartered banks. In order to induce the banks to make loans to all veterans who are credit-worthy and who have a reasonable proposition and perhaps to relax their otherwise conservative approach to the problem, the government has negotiated with them on the basis of a guarantee. We have done this in previous cases under the Farm Improvement Loans Act and under the National Housing Act in connection with home extension loans and home improvement loans. We may do it again in other cases. But the banks quite naturally said, "This may be a much more risky business than this other type of legislation that you have brought before us in other cases. Therefore we will require a somewhat larger guarantee." After negotiating the banks agreed on a guarantee on a pool basis of 25 per cent of the first million dollars of loans made plus 15 per cent of all loans in excess of \$1,000,000 made by any particular bank; that is any losses up to those amounts should be paid by the government. I think perhaps I ought to explain what I mean by "pool guarantee". What we say to the banks is this: "If you make \$1,000,000 of loans we will pay all losses up to \$250,000 suffered by you in connection with that \$1,000,000 of loans." This type of guarantee may be contracted with a guarantee such as is given in the United States where a fixed proportion of each loan is paid by the government. For example, if we had agreed to pay losses up to 25 per cent of each individual loan made by a bank, that guarantee would be much less generous than the guarantee we are proposing to make. If we had gone on that basis, the banks might have demanded a guarantee of 50 per cent or 60 per cent on individual loans. Then we said, "Well now, since 25 per cent is a thoroughly generous guarantee, we are not prepared to extend a guarantee at the same rate if you have a large volume of loans, because then your risks are more widespread." So we said, "On the first \$1,000,000 of loans, 25 per cent guarantee; on any loans that you make in excess of \$1,000,000, only 15 per cent."

By Mr. Harris:

Q. On principal?—A. On principal.

Q. Not interest?—A. That is right. After negotiating, the banks agreed that was a basis upon which they could operate. Quite naturally it was not all

they wanted. They bargained, but we were not prepared to go any further. And after consultation with their members they agreed to do business on that basis. That does remove some of the element of risk. It does not remove it all. When we came to negotiate on the interest rate they said in effect: "These will be fairly costly loans. They will be small loans. They will be made all over the country. They will require special attention. They are repayable often in monthly instalments. All in all, they are more costly than a good deal of the business we do. We would like a reasonable rate of interest; otherwise we will not have any incentive to go out and do this business." So again we negotiated with them, offering an interest rate not in excess of 5 per cent which they accepted. The 5 per cent rate represents a rate of interest which in the judgment of the banks and the judgment of the Department of Finance is sufficient to cover the costs of doing business. We do not think it is excessive. It may perhaps represent a rather narrow margin. If the rate of interest were to be put at any lower level, the banks would probably ask the government to pay any difference between the lower rate of interest and 5 per cent. So I come back to the original point I made, that this bill is intended to provide facilities for the making of loans to veterans. It is not intended as bonus legislation. If the rate of interest is put below 5 per cent, that involves another subsidy in addition to re-establishment credits, in addition to the gratuities paid by the government.

There are just one or two other things I want to say about the basis on which the loans are made. These are not ordinary bank loans. In the first place, unless we had given this guarantee it is doubtful whether the banks would give the service we would like them to give to the veterans, that is that they would make loans to all credit-worthy veterans with a reasonable proposition. They would probably be more conservative than we should like them to be. The second thing is that the banks would not make loans for as long as 10 years if it were not for this guarantee. Bank loans are generally for very much shorter periods. But it was considered that where a veteran is going into business and borrowing say the maximum under this act for certain specific purposes to be set out in the regulations under the act, 10 years ought to be allowed for repayment. That would not mean that all loans would be made for 10 years. Such a long term would not always be in the interests of the veteran, the government or the banks. But we do make provision that loans may be made for as much as 10 years. Without this legislation, the banks would not make loans for 10 years. I think those are the main points, Mr. Chairman.

By Mr. Cruickshank:

Q. What does it mean by as long as the interest is not in default?—A. If the loan goes into default, the banks are then able to charge the legal maximum rate of interest, which is 6 per cent.

By Mr. Croll:

Q. In all parts of the Country?—A. Yes. It is under the Bank Act.

By Mr. Quelch:

Q. Does the final decision as to whether or not a loan shall be made rest with the bank or with the Department of Veterans Affairs?—A. With the bank. But let me explain this. This Department of Veterans Affairs may have some reason for refusing to let an application be considered by a bank.

Q. But on the other hand, if the Department of Veterans Affairs recommended that the loan be given, could the bank refuse to make it?—A. Yes.

Q. After the government guaranteed 25 per cent of the loan?—A. Yes.

Q. It seems to me we are putting the banks in a very, very preferred position.—A. No, I do not think so. I come back to this point, that the purpose of our guarantee is first of all to encourage the banks to make loans to every credit-worthy veteran who has a reasonable business proposition. It is not

to be so large that the banks will not exercise some measure of judgment, because if they will not exercise judgment we do not need their facilities. We might just as well say that all comers get a loan. We use the banks because they have had experience in loaning. We give them a guarantee so that they relax their standards, so that every reasonable proposition gets a chance; but we do not go to the extent of giving a 100 per cent guarantee for they would then just accept the application, hand out the money and say it is the government's responsibility.

By Mr. Croll:

Q. Mr. Sharp, is it fair to say that the banks' record of losses on loans of this nature is less than .1 per cent or .5 per cent, generally?—A. The only act under which we have had extended experience was the Home Improvement Loans Act.

Q. Yes?—A. In that case I think the losses are running at less than 2 per cent.

Br. Mr. Harris:

Q. Less than what?—A. Less than 2 per cent.

By Mr. Croll:

Q. No. But their general experience in this sort of business, outside of the government, is, I understand, very low with regard to losses.—A. Do you mean veterans' loans?

Q. No, to the public.

Mr. HERRIDGE: The business of loaning.

By Mr. Croll:

Q. Yes, in the business of loaning.—A. Oh, yes, in the business of loaning I think the banks have admitted that their ratio of losses is not very high. They could not stay in business if it were.

Q. I understand it is infinitesimally small.—A. Oh, no.

Q. It is less than .5 per cent, I understand.

By Mr. McKay:

Q. In this particular instance, what is there to prevent the banks, if they have made the first \$1,000,000 in loans, from stopping making further advances?—A. I beg your pardon?

Q. What is to prevent the banks from stopping making loans? You mentioned a \$1,000,000 provision in the act for which the chartered banks had a guarantee of 25 per cent on loans that may be made—

Mr. SINCLAIR: Up to \$1,000,000.

Mr. MCKAY: Yes.

Mr. SINCLAIR: Which is \$4,000,000 of loans.

Mr. MCKAY: Make it \$4,000,000. It is the same argument. What is to prevent the individual chartered bank from ceasing the making of loans after \$4,000,000 of loans have been made?

The WITNESS: They will go on making them because if they have made \$1,000,000 of loans they have got a fairly good spread of their risks, and a 15 per cent guarantee at that level is quite adequate. We have negotiated with the banks. They are willing to lend on that basis.

By Mr. McKay:

Q. 25 per cent on the first million dollars and subsequent to that 15 per cent?—A. That is right. You see, if they have made \$1,000,000 of loans they

have got a credit established of \$250,000. The credit only increases at the rate of 15 per cent on all subsequent loans. They still have that to fall back on so they will be encouraged to go on making loans.

By Mr. Cruickshank:

Q. What is the percentage of losses the banks have had in the last ten or twenty years on \$3,000 business or industrial loans?—A. I do not know.

Mr. SINCLAIR: That was your point.

Mr. CROLL: Yes.

The WITNESS: I could get some information.

By Mr. Croll:

Q. Was that not discussed in view of the large guarantee? The government is giving a most generous guarantee to the banks. —A. This was discussed in the light of the experience after the last war when the losses in small businesses were very very large. We are giving a guarantee in connection with farm improvement loans of 10 per cent. That was our guarantee. The banks said, "Farm improvement loans probably will be much safer than these loans." (Off the record).

By Mr. Sinclair:

Q. Does this 25 per cent guarantee mean that the bank manager is going to be a little more generous in giving credit to the veteran than he would give to a civilian?—A. Yes, very definitely.

The CHAIRMAN: That is the record in regard to the Farm Loan Improvement Act. It has worked very well.

By Mr. Quelch:

Q. Is it understood that the bank makes the loan without asking for any additional security other than the result of the transaction?—A. That is right. They only ask security on what is purchased.

By Mr. Benidickson:

Q. What is purchased with their money?—A. Yes.

Mr. BENIDICKSON: I rather like the scheme, and generally I am not going to quibble about the rate of interest or the use of the banks or anything of that kind because I think that basically the scheme is sound, but we have found under some other schemes of this nature such as the National Housing Act that while in a general way they sound very nice in practice they are not working across the country. The small towns are not getting the benefit of the National Housing Act. Farmers are not getting the benefit of the National Housing Act and so on. What I want to make sure is that we are going to get a highly expanded credit under this system, and that it is not going to be restricted by some nigger in the woodpile, as we found in these other Acts, and thereby prevent small communities or small businesses from getting the benefit of a very fine sounding scheme. What I am concerned about is the question of security. In other words, if the Department of Veterans Affairs is going to have secured protection for their advances under the re-establishment credit or the Veterans' Land Act or something of that nature then there will be nothing left in the man's assets for the bank when making a loan. Where do we come in on that? Are the banks going to be able to make the additional money available for the purchase of equipment that would be quite separate from the assets of the borrower which are already going to be tied up on a prior basis to secure the Department of Veterans Affairs? That would naturally make the banks very loath to make the loan, because the man is already tied up.

THE WITNESS: May I say something on your first point? I have had some personal experience with nearly all legislation of this form where a guarantee is given to agencies throughout the country to induce them to make loans for various purposes. Without exception the guarantees given to the banks have been effective. We have had excellent coverage of the country in connection with the Farm Improvement Loans Act and in connection with the Home Improvement Loans Act, the difficulty in connection with the National Housing Act is that whereas you have thousands of branches of the banks throughout the country you have a very limited number of mortgage institutions and whereas the banks are willing and eager to make loans of all descriptions throughout the country the mortgage institutions very often specialize in various kinds of risks. What was the next point?

MR. CROLL: Did you understand what Mr. Benidickson meant in referring to security to the Department of Veterans Affairs?

MR. BENIDICKSON: Suppose a man is limited in the price he can pay for a farm. We have heard from our farm members that today he cannot get established on a farm at a value that would come within the ceiling of the loan possible under the Veterans' Land Act legislation. I take it, therefore, that somebody contemplating going into that line of business would like to get a line of credit for equipment or machinery or even for land under this scheme.

MR. GREEN: He is not eligible under this Act.

MR. BENIDICKSON: Then there is one other point I should like to raise. The committee will remember I have been interested in trying to get some assistance for veterans who desire to become established in tourist businesses. They are denied that opportunity under the Veterans Land Act as it is administered. I think they should be entitled to it in accordance with the terms of the Act but the administration of it is quite a different matter. I have withheld pressing this until now because I was given to understand that we were to have loans made to veterans under such a scheme as is proposed in this legislation, but I think I recall that banks are prevented from taking security on real estate. If that is the case what opportunity is there for a bank to make an advance to one who proposes to go into the tourist business when the chief asset that he would have would be his real estate. Is that covered?

THE WITNESS: Section 7 of the bill gives the banks specific power to take security on real property notwithstanding the provision of the Bank Act.

MR. CROLL: It occurred to me that because the bank has the final word on the loan it might be subject to this abuse. The Department of Veterans Affairs recommends a loan. The bank looks at it and says, "No, I do not think we can make that loan." That is the end of that for all purposes, as I understand the Act. Then they say, "If on the other hand the loan can be secured in some way then we will be very glad to make you a loan under terms that are as generous as those given to other veterans." The result is we have them doing the very same thing that we are trying to avoid here. Is there no way whereby the Department of Veterans Affairs' recommendation could bear a little more weight than the mere passing on of the document and a sort of pat on the back?

THE WITNESS: I might suggest that if the Department of Veterans Affairs' recommendation was to be more than what was indicated in this bill the banks would require special guarantees for these loans. They would require a 100 per cent guarantee. They would say, "We cannot exercise our judgment here. If the Department of Veterans Affairs says that we must take this loan then what you want is not the bank to exercise its judgment but to give out money at your request."

By Mr. Bentley:

Q. Then you have a provision in here that the bank has security to the extent of one-third of the assets of the business that is contemplated because, according to paragraph (e) of section 3, the loan must not exceed two-thirds of the proposed total expenditure by the veteran. The bank is also covered there so you are giving them a guarantee of 25 per cent of two-thirds of their loan plus 15 per cent on the over amount. I was wondering, too, about the interest when in default. Suppose a borrower was to be in default for a couple of years. It says here that he must pay simple interest, but at the end of that time, as Mr. Gunn remarked the other day, it ceases to be simple interest. Does that become a part of the principal where you give the guarantee of 25 per cent or 15 per cent as the case may be?—A. When the loan goes in default the bank can claim on us for payment. At that point we may ask the bank to go on and collect it for us or we may take it over ourselves. The provision for charging of interest beyond 5 per cent might be for a very limited period. It might be in connection with an instalment that was overdue or something like that. In that case the bank probably would not charge it.

By Mr. Quelch:

Q. What rate of interest can be charged when a loan is in default?—A. The legal maximum, 6 per cent.

Mr. HARRIS: I was trying to follow Mr. Benidickson a moment ago and also Mr. Croll. The fear I had in my mind was what they had, too. First it is clear that no one who has taken advantage of the Veterans' Land Act can apply under this Act. A man with a small holding cannot get the benefit of this Act to buy a business so that rules him out. That is 2 (g), and similarly with a farmer. Therefore the only person in the field is the chap who has had no benefits at all up to the present time and who wishes to go into business. He can get \$3,000 to buy a business and the bank then may take as security in addition to the normal note, and so on, and the government guarantee, a mortgage on the real estate involved in the business if there is any. That is not on the personal real estate of the veteran, his own home or anything like that, but the building he is buying as a part of his business intention. If, however, he wishes to start a business or buy an existing business without at the same time acquiring real estate the bank does not then get a mortgage in any form because by section 7 they can only take a mortgage on real estate which is a part of the loan. I think that rather settles some of the worries which were in my mind in the beginning.

Mr. CRUICKSHANK: I should like to ask you a question. You are a lawyer. I am not.

Mr. HARRIS: You know more than I do.

Mr. CRUICKSHANK: Does that mean that a man who has already started a business such as a gas station and needs money to expand it can get it? It is not a new business. He has started maybe two months ago.

The WITNESS: Yes, that is possible. You see it says under section 3 (b):—

The application stated that the loan was required by the veteran for one or more of the following purposes:—

- (1) the purchase or repair of tools, instruments or equipment for his business;
- (2) the purchase of a business;
- (3) any purpose connected with his establishment in a business as may be prescribed.

Under (b) (1) it is the purchase or repair of tools, instruments or equipment for his business. He can get a loan in connection with an already established business.

Mr. WRIGHT: Will the loan be available to the man who has taken vocational or university training?

The CHAIRMAN: Yes. Veteran as defined at present means a person resident and domiciled in Canada who has received or is entitled to a gratuity under the War Service Grants Act 1944 and who has not elected to take the benefits under the Veterans' Land Act 1946.

Hon. Mr. MACKENZIE: The answer is yes, Mr. Wright.

The CHAIRMAN: And the only ones excluded would be those who have taken benefits under the Veterans' Land Act 1942.

By Mr. Bentley:

Q. Would the loan be available in relative amounts in the case of married veterans, that is where both the husband and wife were veterans?—A. You mean both veterans?

Q. Yes.—A. Yes, they could take separate loans.

Q. That would mean they would get \$6,000?—A. Yes.

Mr. CRUICKSHANK: There is no question, can two veterans go together?

The WITNESS: Yes.

The CHAIRMAN: May we first of all take the bill clause by clause while Mr. Sharp is here and he will endeavour to answer any questions members may desire to put.

Hon. Mr. MACKENZIE: To get the \$6,000, of course, they would have to put up \$2,000 of their own.

The CHAIRMAN: Shall clause one, the short title, carry?

Carried.

Then clause 2, subsections (a), (b) and (c):

Carried.

On subsection (d):

Mr. FULTON: Are these regulations available now?

The CHAIRMAN: No, they will be drawn up after the bill is passed.

Mr. FULTON: They are not in draft form?

The WITNESS: Not yet.

(d) Carried.

The CHAIRMAN: We are now on clause 2, subsection (e):—

“purchase of a business” includes the purchase of an interest in an existing partnership and the advance of capital for a new partnership, if the partnership business is to be the main occupation of the veteran and he intends to participate actively in that business;

Mr. GREEN: Before that carries, Mr. Chairman, if that is restricted to partnerships that would mean that veterans could not get any advances to buy into an incorporated company. In some cases incorporated companies are the type of organization used for business and I doubt whether it is wise to restrict this to partnerships. I know of a case for example of a young man who wanted to use his re-establishment credit to buy an interest in an incorporated company which was owned by his stepfather, a very good business, and I thought it was a very good proposition, but under the regulations dealing with re-establishment credit as presently constituted he was not allowed to do that, and as a result his stepfather turned the incorporated business over from an incorporated company to a partnership and then the boy was able to

take an interest in it, to get his re-establishment credit—and, that suggestion did not come from me, by the way. That is the recognized way in which it is done, the way which is recognized by the Department of Veterans Affairs. I doubt whether it is wise to restrict this thing to partnerships. I do not know if a veteran's rights are very much better in a partnership than they would be in an incorporated company.

Mr. BENTLEY: Does the word "includes" there cover companies?

Mr. GREEN: No. It very carefully does not cover the buying of shares in a company.

Mr. BENTLEY: I notice it says that he must participate actively in the business.

Mr. HERRIDGE: I want to support the proposal advanced by Mr. Green. I have been thinking of three or four veterans coming together; I am thinking more particularly of a small lumbering industry, and three or four veterans who want to join together to form a company. That is the only way to operate a company under our present clause and it seems to me that there should be provision for three or four to combine their loans and form an incorporated company under this act.

Mr. FULTON: It seems to me, Mr. Chairman, referring to cases of the type about which Mr. Green spoke, that what we are really doing there is to force the veteran to exhaust all his other assets, and even to put up his home and anything he happens to own as security for the business and for the benefit of the creditors of the partnership, and such would not be the case if it were a company.

Mr. SINCLAIR: That is a good point.

Mr. GUNN: Mr. Chairman, if I may make this remark; you remember when the amendments to the War Service Grants Act were being considered at the last session of this parliament and in this committee, this question of the use of credits in the case of incorporated organizations came up and the difficulty was seen then as to where to draw the line, we will say, between a private company and a public company and it was felt. I think it was certainly the view expressed by some members, that we might find ourselves in the position of allowing the use of credit for the purchase of shares in companies generally, and that is certainly not within the intentions of the War Service Grants Act, the purchase of securities on the open market; and we had arrived in fact I submit, Mr. Chairman, to somewhat the same position in considering this question today.

Mr. GREEN: I think there is an entirely different picture here. The re-establishment credit is handled by the Department of Veterans Affairs while under this bill you have all the business being handled by the banks, each case being handled separately; and in each case the management will go very carefully over the whole background, the whole set-up of the business, whatever it may be, which is an entirely different picture from the hand-out of re-establishment credit. Under these partnership provisions the result is that not only is the veteran's investment jeopardized, but he may be put in a position of having to be responsible for the sins of his partner or partners, his partner may make a mistake and lose money and then the veteran can lose his own assets to make up his partner's mistakes, and I think that this is entirely wrong in an act of this present type.

The WITNESS: I think there are two points there. We have as far as possible tried to make this Act parallel with the Grants Act. We want loans to be made available supplementary to the reestablishment credit. And now, it would be impossible to make the reestablishment credit available for the pur-

chase of securities, and I do not think that we should under this Act do anything that would extend a privilege that is not already existing under the reestablishment credit.

Mr. GREEN: What happens under the reestablishment credit is that first of all they turn the business over from a company to a partnership, then the veteran gets his credit without any question from the Department of Veterans Affairs. Then they turn the business back into a company again. I mean, you are not getting anywhere, and it shows this restriction to partnership here is not tied up with reestablishment credit.

The WITNESS: I do not know what the banks would say about that. If the veteran uses his own money, the reestablishment credit, and plays about with it in that way, that is his own business, but if he uses his loan in the same way that the bank might say, what are you doing this for?

Mr. GREEN: Yes. A lot of these veterans have had their reestablishment credit.

Mr. CROLL: What the bank imposes is, of course, a limited liability.

The WITNESS: Perhaps I should ask Mr. Gunn this, what would be the position of the security?

The CHAIRMAN: He would have to borrow that openly.

Mr. CRUICKSHANK: I am not a lawyer, but I would like to draw this aspect of the matter to the attention of the committee, that such a set-up would involve excessive income tax, and I think it would be unfair to put a veteran in a partnership at a disadvantage with respect to taxation. I do not think it would be equitable.

The CHAIRMAN: As I understand the idea the man is permitted to borrow his money under a partial government guarantee, and the idea of this was to limit the thing and that if he were not buying a business but was buying into a partnership that that would be to him a means of occupation and the veteran would participate actively in that business. In other words, it would be an attempt to sort of cover up the partner. I do not myself see any objection to the matter because if it were not a sound proposition the bank would not loan the money, but I do not know what Mr. Sharp would have to say about that.

The WITNESS: I would hesitate to give an opinion.

Hon. Mr. MACKENZIE: Is it not the business of the bank of co-operate?

Mr. GREEN: I do not think the banks put in this restriction. I think it was put in by D. V. A.

The WITNESS: It was put in in order to make the two Acts parallel. In this act it says that the security shall be taken on the particular shares or assets that are purchased. Would you turn over these securities that were purchased?

Mr. MERRITT: The shares.

Mr. GREEN: This section specifically restricts assets to advances of capital for a new partnership, which means that they cannot get it for an advance of capital for an old partnership, yet if a veteran starts out in business he will be very wise to have it incorporated.

Mr. CROLL: Exactly, the company would become fluid whatever security they take.

The WITNESS: We only require the pledging of the security purchased itself. It is the securities purchased.

Mr. GREEN: The company could pledge all the securities it had.

The WITNESS: No, it could not. All that can be pledged would be the shares purchased.

Mr. HARRIS: I wonder if the witness could tell us this, what would be the position of a partnership where the other partners refused to pledge the shares purchased?

The CHAIRMAN: Our idea on this, of course, has been partnership, if the veteran himself did not get along he would have the partnership wound up and get all his equity out, whereas in the case of a joint stock company he has no such right; and that has been the thought in the mind of the committee in many different cases, that they did not want to see him exhaust his right under legislation which we passed and found that all he had is a right in a company where he has not got a controlling interest and where he could be expelled and get nothing out of it whatever. That has been the thought, I think, in the mind of the committee in regard to allowing veterans to go into joint stock companies, particularly one in which they would not have a controlling interest; that he might find that he had bought into a joint stock company in which not only would he have no control over activities, but he would have no job for himself and he would have no recourse whatever. Now then, the thought has been that we should not encourage the veteran to get into a proposition like that. If the committee want to suggest that veterans should go into a proposition like that I do not think there is much risk in it here because the bank might say, we have plenty of security here, if this veteran wants to throw his money into a joint stock company and then find that he has no job and nothing in six months from now, that is his risk; we have plenty of security otherwise. They might do that. I don't know.

Mr. HARRIS: But let me ask you this, Mr. Chairman; could not a partnership be set up by a group of veterans?

The CHAIRMAN: They might find after they had been operating a short time that they might want to wind the partnership up. I know of joint stock companies, mostly small ones, where all the money is used to pay salaries and the like, and where a man has gone into it and later has not got on with the other members of the company and they have simply dismissed him and he has received no dividends for years, has no job, nothing. That could happen, and I do not think we should encourage it, myself.

Mr. GREEN: You are leaving the veteran wide open, not only to the banks but to all his trade creditors, if you insist that he be in a partnership. The whole reason for having an incorporated company is to protect the man from his trade creditors in case he runs into hard luck. I think you would be doing the veteran a disservice by forcing him into a partnership. I think the only reason why that provision appears in this bill is because of a suggestion from the Department of Veterans Affairs. The banks are not asking for it.

Mr. MUTCH: Is not this the situation in respect to what you have said—not being a lawyer and not being either a partnership or a company at the moment, I am not as limited—I think I have known more people to be badly trimmed in a partnership than as a result of being in a joint stock company or a company of any description. Is it not possible to carry the idea of uniformity of legislation in this case to a point where it defeats the purpose of that legislation?

Mr. GUNN: It seems to me that some of the members are losing sight of the fact that this bill proposes to make loans to veterans, to persons, to individuals, not to joint stock companies, but to the veteran himself. It is the veteran who is expected to give his personal covenant to repay that loan, and he cannot avoid or get away from this obligation. He is still suable on his covenant, regardless of what happens afterwards. I think that point should be kept prominently in mind.

Mr. CROLL: But you are not protecting him against another partner and against the liability he incurs under the partnership, which is a far wider liability.

General BURNS: The reason why the Department of Veterans Affairs would make this parallel has been partially explained by Mr. Sharp and it is that the veteran himself has to put up one-third of the amount of the loan. We thought, as this was designed to supplement the setting up in business, the facilities for setting up in business, that in nearly every case that one-third would come, in part at any rate, from the re-establishment credit. We thought it obviously would be impossible to have one set of provisions, that you cannot use re-establishment credits except as a partnership, and have this other provision that you could use this loan for the other purpose.

Mr. WOODS: There is one other aspect of it, and it is that this matter was considered over a period of months in consultation with the banks; and if it is now decided that it should not go through except that it be used to purchase shares in an incorporated company, we would have to go back to the banks again. Personally, I would like to predict that the legislation not get through this term.

By Mr. Green:

Q. Would Mr. Sharp object to the inclusion of companies?—A. I think that the banks would raise a question. I do not think they would refuse to go ahead. They might think that not enough loans would be made for that purpose.

By Mr. Sinclair:

Q. Both Mr. Fulton and I are veterans of this war. Suppose we went to Kamloops and started a small sawmill as a partnership. Suppose we went broke. The banks could recover against our assets there and so could the individuals who sold us timber. On the other hand, if the two of us formed a company, we could carry on the same operation exactly, but we would then have protection against our own personal belongings being seized by outsiders. What is the objection to providing the protection that, obviously, stock companies have? Stock companies to that extent are in a better position. What is the objection to extending such protection to veterans, thereby protecting their personal assets by means of a company, rather than to force them into a partnership?—A. If that was all that was going to be done under the legislation, I would not be worried about it. What worries me is that I do not know how you would limit this. What is to prevent a veteran from buying stock in a bad business deal?

By Mr. Cruickshank:

Q. The banks would?—A. Wait a minute; by buying shares in a company and getting a job?

Mr. MERRITT: The chairman raised the same point; where the active people in a company could pay themselves the full profits by way of salaries, leaving nothing for the veteran except the future possibility of dividends. But surely, the answer to that is: before any of these things are done, they must be passed upon by the Department of Veterans Affairs and by the bank manager.

The CHAIRMAN: No. Mr. Merritt, these things can be changed afterwards. A joint stock company must consist of three people at least. Then your difficulty is that no one man, necessarily, controls the joint stock company. That is your difficulty.

Mr. MERRITT: That, of course, is perfectly true; but the same thing exactly applies to the partnership. The majority of the partners can usually direct the course of the business in the same way as the majority of shareholders in a company.

The CHAIRMAN: No, but he has got a measure of control.

Mr. MERRITT: My point is this: it seems to me that, generally speaking, joint stock companies have proved to be a wholesome way of doing business. There are cases where they might work against the interests of the veteran, but in this particular case we have got the authorities passing on it before he goes into it, and that kind of loan can be turned down. So, I see not so much danger in the objections raised there, as I see danger in what Mr. Sinclair raised and what I raised before: that, by forcing a veteran into a partnership, you open up all their other assets to the hands of their creditors.

Hon. Mr. MACKENZIE: Could I bring a touch of old realism into this debate without taking sides one way or the other. You heard the announcement I made in the House the other day in regard to the Emergency Decision Powers Bill, the postponement of that bill for sixty days. It is possible that much of your hard work may not go through but most of the legislation is protected already by orders in council. The veteran will not suffer even if it is postponed. But this is new, and I would urge the committee, if it possibly can do so, to agree on this legislation as soon as possible, because I am very anxious to get it on the order paper and to have it disposed of at the present session. Otherwise, it won't be protected under the Emergency Decision Powers Bill.

The WITNESS: To return to the original objection raised to the proposed amendment in connection with the reestablishment credits, the situation now is that re-establishment credits cannot be used for the purchase of shares. Even if you do put an amendment in here, it is going to be virtually inoperative because the banks will say: what did you do with your re-establishment credits? To make it really effective, you have to amend the other Act, and I do not think you would want to amend that Act so as to enable a man to use his re-establishment credits to buy securities.

Mr. GREEN: The effect will be that a large number of veterans are not going to be able to get the benefit of this Act. That is what is of primary concern to this committee. I feel that a majority of this committee do not want this restriction to be maintained in the legislation. The veterans will pay the shot if it is not extended.

Mr. MUTCH: They can get around it by setting up a partnership and getting the money, and then turning it into a company.

Mr. CROLL: That is just what they do.

Mr. MUTCH: Except for the expenses of the fees for incorporation, they can get around it themselves. That is true. Let us get on to the legislation in the meantime and see how it works.

The CHAIRMAN: As a matter of fact, what we are coming down to is this: there has been an effort to get this legislation through at this session. We are trying to get it through now and it has not been easy. We bring it before this committee and the urge is to get it on the order paper because, if it be delayed for another week or so, it will fall by the wayside, should we make any substantial amendments to it in order to make sure that everybody is satisfied. Our experience has shown that to do that would hold the matter up for two or three weeks. If the committee wants to run the risk of losing the legislation, very well; but I would say: let us pass on and let it stand. I would urge the committee to pass it the way it is now because it is the result of weeks upon weeks and months upon months of negotiations and work.

Mr. GREEN: Must the bill be passed as it stands? If so, what is the use of having this committee?

The CHAIRMAN: I think it is up to the committee. If the committee wants to make substantial changes, it will mean further negotiations and delay. Otherwise we might be able to get it through, and again we might not. It depends

upon when this session terminates. Some people think the session will terminate a lot quicker than others. It is up to the committee. If you want to make it unanimous, that means holding this thing up. So let us have a motion?

Mr. GREEN: I would move that we recommend that this definition of "purchase of a business" be extended to cover incorporated companies.

Mr. MUTCH: New incorporated companies?

Mr. BENTLEY: Is there any provision in here to prevent what Mr. Croll suggested, that if three or more veterans go into a partnership, as soon as the partnership be formed and set up, they may change over to a joint stock company?

The CHAIRMAN: That can be done, surely. They can do exactly what is wanted to be done here without holding up this thing. Mr. Green has made a motion.

Mr. HERRIDGE: I second the motion.

The CHAIRMAN: And the motion is seconded by Mr. Herridge, that we change this to include the purchase of an interest in a corporation as well as an interest in a partnership. Now, just before we vote on the motion, has Mr. Sharp anything to say in regard to whether this is likely to hold this thing up for any length of time?

The WITNESS: There is no reason why parliament cannot pass any legislation it likes. The banks are only consulted as a matter of courtesy. They have no rights in connection with this legislation at all. We can pass any legislation we like; but if the legislation is not such as the banks think is workable, then it won't work. So, as a matter of courtesy, and as a matter of ordinary prudence, we follow the policy of bringing our legislation to the attention of the banks, if it concerns them. We do not necessarily follow their recommendations. I would feel, as a representative of the Department of Finance, that I should get in touch with the Canadian Bankers Association immediately. It would take them, I should imagine, four or five days to get in touch with all their member banks. I do not think those member banks would make up their minds for forty-eight hours. So it would be a week before we had the views of the banks. That is my opinion.

Mr. GREEN: The budget debate will take a good deal longer than a week so there won't be any time lost at all.

Mr. CROLL: Suppose we let subsection (e) stand for a few minutes and go on with the bill and see whether it is worth while sending it back, or whether we can agree substantially.

The CHAIRMAN: Are you satisfied with that, Mr. Green?

Mr. CROLL: He can always put it at the end.

Mr. MUTCH: We should let it stand, and see if there is anything else.

The CHAIRMAN: All right. Now, subsection (f). Shall subsection (f) carry? Carried.

Now, subsection (g).

Mr. GREEN: Are there any people who will be disqualified by that restriction, other than those coming under the Veterans' Land Act who do not get a gratuity at the present time?

The CHAIRMAN: It is very inclusive. It says: a person who has received or is entitled to a gratuity under The War Service Grants Act; that is, everybody except a person discharged for misconduct and who cannot get a ruling from the Board of Review that he gets his gratuity anyway. That would be right, Mr. Gunn?

Mr. GUNN: Yes, that is right.

Mr. GREEN: That washes out the merchant seaman.

The CHAIRMAN: No merchant seaman gets a gratuity.

Mr. WOODS: Not under The War Service Grants Act.

The WITNESS: Merchant seamen are not covered.

The CHAIRMAN: Shall subsection (g) carry?

Carried.

Now, section 3:—

The Minister shall, subject to the provisions of this Act, pay to a bank the amount of loss sustained by it as a result of a loan made to a veteran—

Mr. GREEN: I think there are several different groups that are not going to be covered, merchant seamen and the auxiliary services and all those other people. Could there not be a provision put in there such as this: "Any one to whom the benefit of this legislation may be extended by another Act"? For example, that is the way we are dealing with different groups that are being considered by Mr. Mutch's subcommittee.

The CHAIRMAN: What would happen there, Mr. Green, would be that in all those bills persons would be regarded as veterans as described in this bill respecting loans to veterans to assist in their establishment in business and so on; in other words, in all of those bills that have come before parliament yet. The only ones that have gone through now are the ones having to do with the South African nurses and the Wrens. They are the only ones that would not be covered by this.

Mr. GREEN: What you really want in there is the group who are entitled to veterans' legislation.

Mr. GUNN: Mr. Chairman, I do not know that I quite agree with you in saying that the South African nurses would not be covered by this bill. If they are entitled to a gratuity under the War Service Grants Act—

The CHAIRMAN: Yes, I guess they would be covered.

Mr. GUNN: —then it follows that they would be entitled to the loan, would be regarded as veterans for the purpose of this Act.

The CHAIRMAN: That is right. The South African nurses would get it and the Wrens. That is correct.

Mr. GUNN: Yes; and the same would apply to all these other fellows that are being brought forward and being classed as veterans for certain purposes.

Mr. CROLL: Then they will be entitled to it when they come under the Act.

Mr. GUNN: That is right.

Mr. BENTLEY: Following Mr. Green's argument, and I think I am in agreement with him, why could not merchant seamen be included in this in the event that we do not deal with them this session, or do not deal with them favourably? Obviously it would not have any effect on the banks. It is purely a matter for the Department of Finance. They may want to take advantage of this Act and they could be written in there.

Mr. GUNN: From the practical angle, the Department of Veterans Affairs has nothing whatever to do with the merchant marine.

Mr. BENTLEY: It does not seem to me to be a very practical angle. It might be a good way of getting out of something, but they could be included in there for the purpose of this Act.

Mr. GUNN: They are not veterans.

Mr. GREEN: Oh, no; but they are treated as veterans, and the public consider they are veterans.

Mr. CRUICKSHANK: Unfortunately, they are not treated as veterans.

Mr. GREEN: Not as far as legislation is concerned.

The CHAIRMAN: I suggest to the committee that the Department of Transport are fetching in a bill having to do with merchant seamen and so on, giving them certain rights; at least they intend to, so far as I know, this session. We could make a recommendation alongside of reporting this bill, that the benefits of it be extended to merchant seamen. It really should be brought in by their department, I should think. We could recommend that the benefits of this Act be given to merchant seamen, if we wanted to. I do not see any harm in our doing that.

Mr. BENTLEY: I should like to move that, if it requires a motion.

Mr. Mutch: That is separate.

The CHAIRMAN: We recommend this bill and also recommend that the benefits be given to the merchant seamen.

Mr. Mutch: That is a separate recommendation to the other department.

The CHAIRMAN: That is a separate recommendation. Is that satisfactory? Carried.

Section 3. Shall subsection (a) carry?

Carried.

Section 3(b)

(b) the application stated that the loan was required by the veteran for one or more of the following purposes:

- (i) the purchase or repair of tools, instruments or equipment for his business;
- (ii) the purchase of a business;
- (iii) any purpose connected with his establishment in a business as may be prescribed;

Mr. CRUICKSHANK: What does that mean?

Mr. GUNN: Prescribed by the regulations.

The CHAIRMAN: That will be prescribed by the regulations.

Mr. CRUICKSHANK: How do we know what the regulations are? I am interested in these fellows who are already in business. Mr. Sharp has said they are protected. Why is that not in there?

The WITNESS: It is in there.

Mr. CRUICKSHANK: Where?

The WITNESS: It is in (b) (i) "the purchase or repair of tools, instruments or equipment for his business".

By Mr. Cruickshank:

Q. What number is that?—A. Section 3(b) (i).

The CHAIRMAN: "The purchase or repair of tools, instruments or equipment for his business".

Mr. CRUICKSHANK: It does not necessarily mean that at all. It is not satisfactory to me. For instance, suppose a man has gone into the machinery business, a Massey Harris agent, and his father loaned him money. He may want to buy tools, but presumably he has borrowed from his father or father-in-law to get in there. What I am trying to get at is this. Why cannot there be put in "to expand business", not necessarily for tools? I am not a legal expert, but that is not satisfactory to me. A man may already be established, as I said before, in a gas station business.

The WITNESS: What is it that he would purchase that is not covered?

Mr. CRUICKSHANK: I do not know. That is up to the bank. If he goes to the banker and says, "I want to repaint in the colour of yellow, instead of green", if that is going to bring him more money, he should be able to do it.

The WITNESS: That is the repair of equipment.

Mr. CRUICKSHANK: But he is in business.

Mr. BENTLEY: Would there be any objection to putting in "improvement or expansion"?

Mr. CROLL: The third clause, I think, is so wide that you can do almost anything.

By Mr. Green:

Q. Mr. Sharp said something a minute ago which I should like to have explained. I understood from what he said that this loan is only available for the establishment of a business.—A. No.

Q. In other words, if the man is already in business and needs a loan, either to carry on or expand his business, he cannot get it?—A. I did not say that. I am sorry, but I did not say that; at least I did not mean to do so.

Q. Is that the provision?—A. No. There are two separate provisions, that he can purchase or repair tools, instruments or equipment for his business either existing or one that he is going to get.

Mr. CROLL: That is what that reads, I think.

Mr. GREEN: Suppose he had gone into business six months ago; then is he only able to get that loan for the purchase of tools, instruments and equipment?

Mr. CRUICKSHANK: That is what I am trying to get at.

The WITNESS: That is the general provision. But if there are any other reasons for giving him a loan, and they seem to be good reasons, that may be prescribed by regulation. I do not think you can get down in an Act every possible circumstance.

Mr. GREEN: Why could you not extend it to say "connected with his establishment in business or expansion of his business"?

Mr. BENTLEY: Why not put in after "business" in subsection (i), "or any other sound reason"?

By Mr. Cruickshank:

Q. May I ask a question? Suppose this man has borrowed money and gone into business. Can he get the loan to pay that off?—A. No; he cannot get a loan for his personal living expenses either.

Q. No. But I will put it another way. Suppose that a man thought his credit was good enough and the bank themselves lent him money.—A. That is all right. It is not a guaranteed loan.

Q. Oh, no. Assuming he borrowed money from me or from anybody else, can he get this loan to pay off the money?—A. No.

Q. Why not?—A. That is not one of the purposes.

By Mr. Bentley:

Q. Would you not include that? Suppose a veteran's father who was not too well fixed but who strained himself quite a bit and maybe mortgaged his property to make his son a loan in order that he might go into business, would like to have that back quickly. Suppose his son came under the Act and paid off the loan and it remained an obligation to the Department of Finance and the bank. What would be wrong with that?—A. The purpose of this Act, when it was being drafted, as I understand it, was to establish a veteran in business. If he has already been established by getting his financing done, he is established.

Q. Yes. But maybe the father did strain a point to help him.—A. Maybe so. The situation is going to be this, that there are veterans who are already established in business as a result of loans from banks. The banks presented us with a statement showing the loans they had made at representative points in Canada and they have made thousands and thousands of loans to veterans to establish them in business including all the purposes set out in this Act. We are not going to provide under this Act a way by which the banks can get another loan and get it guaranteed.

By Mr. Quelch:

Q. These loans would be only very short term loans?—A. A year or two.

Q. They might have them extended to 10 years.

The CHAIRMAN: I wonder if this would not cover it, "for any purpose connected with the establishment or expansion of business as may be prescribed"?

The WITNESS: Yes, that would be agreeable.

Mr. CROLL: Why do you not do this? Why do you not say, "For any purpose connected with a business as may be prescribed"? Forget "establishment" or "expansion". Leave them out completely and say, "for any purpose connected with a business as may be prescribed". Would that not do?

The CHAIRMAN: Establishment or expansion covers both. If it is not existing it has got to come into existence.

Mr. CROLL: Then you have reorganizations, and so on.

The CHAIRMAN: If it is in existence it can be extended. I suggest that it should be, "for any purpose connected with the establishment or expansion of his business as may be prescribed". Does that meet the point.

Mr. HARKNESS: Do any of these provisions cover the purchase of stock? For example, a man who runs a garage has to carry a line of spare parts and things of that sort. I know of at least one case of a man who was very seriously handicapped owing to the fact that he could not lay in a stock of spare parts.

The CHAIRMAN: That would be expansion of his business, getting more stock.

The WITNESS: I think, too, it would be covered in (b) (1).

Mr. BENTLEY: I am still not satisfied with the non-retroactive feature here. As Mr. Sharp pointed out—and I do not think very soundly—the banks have already made some loans to veterans without any 25 per cent guarantee. Any such loans are pretty soundly secured and would not be a risk if they were brought under the Act because D.V.A. would not pass that loan unless they felt it was sound.

Mr. QUELCH: Mr. Sharp stated this man was already established. If the loan matures and the veteran is not able to meet the loan he is in danger of losing his equity and then he will not be re-established. He will be dis-established. I think in a case like that there should be some way in which the loan can be taken over.

Mr. CRICKSHANK: I should like to follow that up. I know in my own district families have gone short because we were asleep back here and did not bring the legislation in months ago. That is not the fault of the families. It is our fault as a government or parliament. They have gone short. Some of those families have borrowed money on their private homes in order to start the son in business.

The CHAIRMAN: Then Mr. Croll's suggestion would cover it, "any purpose connected with a business as may be prescribed". That would cover everything.

Mr. CRICKSHANK: Is it going to be prescribed that the boy can pay off the mortgage his father has put on his farm in order to establish him in a business?

Mr. GREEN: Why is it necessary to have those words, "as may be prescribed"? (b) only deals with the application that is made by the veteran. I do not see why it is necessary to have those words at all.

The WITNESS: We felt it better to give the banks some guidance. It is fairly clear what (i) and (ii) mean, but as to any purpose connected with his establishment in a business, the banks would say, "Well, that is always a matter of opinion". We want to try to set out as clearly as we can the purposes that would be covered in addition to (1) and (2).

By Mr. Merritt:

Q. Is not guidance provided under subsection (i)?—A. No, I do not think the Department of Veterans Affairs intend to take the responsibility for saying what kind of loan shall and shall not be made. I think the intention of (i) is to give the Department of Veterans Affairs an opportunity to see that some veteran whom they know is obviously not a good risk or is not a veteran will not get a loan. For example, how can a bank know whether a man is a veteran? They have to have the opportunity to say that this man is a veteran who is entitled under the Act and that they know of no very strong reason for not giving him a loan. There may be a man whom the Department of Veterans Affairs has some knowledge about that the bank may not have and which they feel duty bound to tell the banks.

By Mr. Herridge:

Q. Legally and physically eligible?—A. Yes. He may be a man who has some disability of some kind the banks would not know about. They would like to have the opportunity of seeing who are applying for these loans. They have to pass on the legal capacity of the man to receive a loan. The banks cannot know whether he is a veteran or not.

By Mr. Green:

Q. Do you not think by restricting paragraph one as much as you have done you are making it very difficult for the average veteran to get a loan? Would it not be better with B(1) in there at all?—A. Those are the words of the re-establishment credit. This legislation has to be parallel, and if it is not right here it is not right in the re-establishment credits.

By Mr. Quelch:

Q. Could we not have an additional section for the payment of a liability on an existing business, or words to that effect, to make it possible to pay off a loan? I think it is very important that should be provided for.—A. That makes the Act quite a different Act then. The purpose of this Act is to establish a man in business. It is stated in the preamble of the Act, "an Act respecting loans to veterans to assist in their establishment in business or professionally". Once you get beyond that and permit the money to be used for the purpose of paying off debts it is very difficult to draw the line. It then becomes a loan for the assistance of a man who is in financial difficulties.

Mr. CRUICKSHANK: No, no.

Mr. CROLL: The point made by Mr. Quelch has merit to it, I think. Thousands of veterans have received loans from banks, good loans and bad loans. A year is the usual time. Under the Act he has ten years. What would be wrong with taking a loan that is in good standing and considered to be so by the bank—after all they are the judges of it—and bringing that man under the Act? He was at loose ends for a year. They probably would extend it for a year, two years or three years as long as he paid. They want interest and security on the principal. Why not bring him in under the Act if his loan is in good standing? In that way you should not be afraid of your guarantee because they

would consult you about that, and the banks on the other hand would give this man not one or two years but up to ten years. He may only want five years. Otherwise he is at loose ends.

The WITNESS: I would suggest if we went that far we would have to go much farther. We would have to meet Mr. Cruickshank's point.

By Mr. Croll:

Q. Which is what?—A. Where private individuals have loaned money, because all that we would be doing under those circumstances would be giving protection to the banks where they make a bad loan.

Q. No, I do not suggest that. I said "Loans in good standing". I did not say anything about a bad loan.

The CHAIRMAN: The banks may have loans that are not in good standing and then you come along and say, "Put it on the government".

Mr. Mutch: It becomes a bill for the relief of the banks.

Mr. CRUICKSHANK: Suppose a man before he went overseas had his own home. Any banker that I know of thinks it adds to his credit if a business man owns his own home. Suppose he comes back and wants to start a business, a gas station, for example. He has borrowed money on his home. He has got his family depending on him. He has borrowed money on his home to start a gas station. I should like to know the banker who would not think he was a better business risk if his home was clear.

The WITNESS: That man, if he was the kind of man you said, would be able to get a loan.

By Mr. Cruickshank:

Q. Where?—A. From the bank without this.

Q. How do you mean?—A. On his personal security.

Q. You have not got the point at all I am getting at. He has already got that loan on his home. As I said I should like to know the banker who does not think a business man is a better risk if he owns his own home. He has a mortgage on his home. He has borrowed \$3,000 on the home to start a business. I still think that man on his security is entitled to get a loan to pay off that mortgage.

Mr. QUELCH: To take care of the danger that Mr. Sharp thinks may arise of the bank unloading a bunch of poor loans on the government I would say it would depend on the recommendation of the Department of Veterans Affairs. They could investigate the veteran and if they find the loan is in good standing and the security is good then they could make a recommendation to the bank, but unless a recommendation was made by the Department of Veterans Affairs the bank would not be able to make the loan under the Act.

The WITNESS: I think I should emphasize again that the Department of Veterans Affairs is not going to attempt to pass on the credit worthiness of any veteran. All they are going to say is, "We have no objection to this loan".

By Mr. Quelch:

Q. They could object if they considered that the bank was trying to unload a risk on them. The Department of Veterans Affairs could say, "We object", and the loan could not go through.—A. The Department of Veterans Affairs would know nothing about the circumstances of the veteran as to his credit standing. They are not going to investigate that. That is for the bank to investigate. All the Department of Veterans Affairs is going to say is two things. The first is, "This man is a veteran within the Act", and the next is "We have no opinion about him personally that leads us to recommend against the loan". That is as I understand it.

By Mr. Mutch:

Q. In other words, the policy of the Department of Veterans Affairs will be to accept any loan that the bank recommends?—A. No, you have turned it around. The man goes to the bank and applies for a loan. The first thing the bank does is send the application to the Department of Veterans Affairs and ask two things in effect. "Is this man a veteran?" They do not know. Secondly, "Have you any reason that we should know why this man should not get a loan?" That is the second question. I am sure that the Department of Veterans Affairs would be very loath to say, "We have some reason why he should not get the loan", unless it is a very strong one.

Q. In other words, it is a purely rhetorical question and in effect what I said is correct. The Department will accept the recommendation of the bank as their agent in the matter?—A. As long as...

Q. As long as he is a veteran?—A. That is right. They are not going to pass on the financial integrity of the man.

Q. I certainly do not think the department can or should make any investigation. Then I think the suggestion that they would have no objection to it—I have not either—on the basis of their information at the moment would be as good as saying that in effect the department is going to have no check whatsoever on the actual loan. Actually all they are going to testify is that the man is a veteran and they will accept the recommendation of the bank as their agent. That in effect is what it means. That being the case it is useless to suggest that there is any safeguard for bad loans, or transfer of bad loans by the investigating department, because the department just is not going to make any.

Mr. CROLL: Do you suggest by way of amendment the use of the words, "establishment or expansion of business"?

The CHAIRMAN: Yes.

Mr. CROLL: Then I will so move.

The CHAIRMAN: It has been moved that subsection (b) (iii) be amended to read, "any purpose connected with the establishment or expansion of his business as may be prescribed" instead of "his establishment in a business as may be prescribed".

Carried.

Subsection (c):

Carried.

Subsection (d):

Mr. CRUICKSHANK: Would that cover the power of the bank to scrutinize all these loans before they are made?

The CHAIRMAN: I did not get your question, Mr. Cruickshank.

Carried.

Subsection (e):

Carried.

Subsection (f): "the loan was repayable in full by the terms thereof in not more than ten years;"

Mr. WINTERS: Just before you carry that section I wonder if I may be permitted to follow up the question I asked the last time I sat in this committee. The amount of the loan here is \$3,000, which is less than the amount of the loan under the Veterans' Land Act, and the rate of interest is higher. I think the rates are very good for both of these objectives, but there are many veterans in my constituency, people who are not qualified under the Veterans' Land Act for assistance, and who could not even apply for it because they are not farmers

or interested in farming, but who feel there should be the same amount made available to them as is made available to farmers under the Veterans' Land Act. I wish Mr. Sharp would put on record for the purpose of people such as that just why the amount is limited to \$3,000 with an interest rate of 5 per cent—we can accept that all right—but on the other point that question does come up. You see, if the interest rate were made lower the question would come up for the government to make up the difference between the lower rate of interest and the 5 per cent. I would like some statement there, again for the record, as to why the government feels it is necessary to use two interest rates in loaning money to essentially the same type of veteran, why they would not loan it at the same rate to these people as they would to veterans receiving benefits under the Veterans' Land Act.

The WITNESS: I really hesitate to answer that question as it is a matter of government policy; but, during the discussion of veterans' legislation I think it has been pretty clear that it would be impossible to equalize the position of all veterans in terms of money. It is impossible to equalize the position of the individual veteran under the Veterans' Land Act. Some of them get a big loan and some get a small loan; some of them get a big grant and some of them get a small grant. The aim of the administration of the Veterans' Land Act is to meet the circumstances of the individual veteran. Also, the Veterans' Land Act was in effect before the Veterans' Grants Act. The intention under the Veterans' Grants Act was not to equalize the position of veterans. The intention was to provide assistance of a different kind for different purposes. The Veterans' Land Act, as I understood it, was designed to meet the circumstances of people who want to settle on the land. After the last war the experience was such that the government decided it would not repeat the mistakes of the last war but would provide means whereby a man might successfully establish himself on the land. For that reason, I do not think there is any necessary relationship between assistance provided under the Veterans' Land Act and assistance provided under any other legislation. The terms of the Veterans' Land Act are perhaps more generous because farming is a somewhat hazardous occupation, for so it has proved to be; the assumption appeared to be that a man cannot successfully establish himself on the land unless he has low rates of interest and large grants. But that has not been the experience of a man establishing himself in any other form of business, and it was not felt necessary to provide any other assistance than was provided by the reestablishment credit. That is the explanation as I understand it. But, as I say, I am not speaking for the government here. I am speaking simply as an official.

Mr. WRIGHT: Mr. Chairman, I raised this point the other day with regard to interest rates. I am still of the same opinion, that the interest rate here should be the same as under the Veterans' Land Act. I stated on Friday that I did not think the policy of the banks would accept that rate but that the government should be prepared to make up the difference between 3.5 per cent and 5 per cent. That being the case, it would not be necessary to make any further reference to the bank, it would be merely a matter of policy in so far as the government is concerned; as to whether or not they wish to make these loans on a basis similar to those made under the Veterans' Land Act. I would therefore move that this rate of 5 per cent be changed to 3.5 per cent; and, that the government be prepared to absorb the difference between the 3.5 per cent and the 5 per cent.

Mr. QUELCH: I think there is every justification for supporting the motion which has just been made. The statement as just made by the witness here this morning that veterans settled under the Veterans' Land Act were given a grant of \$2,320. That is the usual reestablishment credit. I think we will all agree that in a vast majority of cases the amount of reestablishment credit will be considerably less than \$2,320. Under the Veterans' Land Act we have an interest

rate of less than 3·5 per cent, it is only 3 per cent, and Mr. Sharp has himself stated that farming is a more hazardous occupation than most others, so that any occupation which is less hazardous, should, I submit, be fairly entitled to receive the benefit of the rate of 3·5 per cent, they should not be charged practically double the rate under the Veterans' Land Act, particularly as I say, if it is a less hazardous undertaking, than he suggests is the case with farming. Then, too, there is this fact to be considered, that money today is costing the government less than 3·5 per cent, they are getting it at much less than that, they are getting much of it at less than 3 per cent. It would therefore seem that it would be quite possible and reasonable for them to reduce the charge to 3·5 per cent, or more nearly in line with what applies under the Veterans' Land Act. Of course, I appreciate that under the Veterans' Land Act they have the cost of administration as a carrying charge, and I would point out that in this case they would not have any cost at all beyond that of their guarantee to the bank, because the banks would be looking after the whole affair.

Mr. CROLL: May I point out that we still have to allow the banks their cost of administration.

Mr. QUELCH: But Mr. Wright was not suggesting the loan of the money by the banks at 3·5 per cent, he was suggesting that the government make up the difference between the 3·5 per cent and the 5 per cent named here in the Act. Personally, I think that the government might very well put up the difference between the 5 per cent and the 3·5 per cent. In either case the banks would have nothing to lose. I think the motion well put.

Mr. HARRIS: I am sure Mr. Quelch will excuse me if I would suggest that he should reverse the order in which his reason for the lower interest rate under the Veterans' Land Act was put. He said that Mr. Sharp suggested that it was a more hazardous occupation. I suggest to him that the interest rate there is low because farming is an occupation from which the returns are lower than are the returns on most business, and for that reason a lower rate of interest is justified.

Mr. QUELCH: It was Mr. Sharp himself who suggested that it was more hazardous.

Mr. HARRIS: I was calling attention to the fact that if your earnings are lower, as I suggest is the case, than they are in most forms of business, then you are justified in having a lower interest rate on loans under the Veterans' Land Act, and you are equally justified in expecting a business which makes a better rate of return to be able to pay the 5 per cent indicated here.

Mr. QUELCH: But the big trouble with the veteran under the Veterans' Land Act is that he is starting in at a time when prices are inflated, and the same may be said to apply to business. These veterans will be starting in during a period of inflation and there will be considerable risk involved in the setting up of even a small business. If we happen to be able to maintain a cycle of relative prosperity, all right; but if we run into a period of depression his position will be even worse.

The CHAIRMAN: The effect of this amendment if it carries is that the only way in which we could ever expect to handle any volume of these loans would be to have the government come along and make up the difference. If we just pass this section and do nothing more we might just as well fail to pass the bill, because the banks are not going to loan the veterans small loans with all the business entailed therein at any 3·5 per cent.

Mr. BENTLEY: Who suggested that?

The CHAIRMAN: That is the effect of the amendment as proposed, and in order for it to have any effect you would have to write into the same section a provision that the government will make up the difference to the bank between the 3·5 per cent and the 5 per cent.

Mr. WRIGHT: That is the purpose of my motion, and you will find that is included.

The CHAIRMAN: Then, I can tell the committee without any hesitation that the government will not accept any such amendment as that, and the effect of carrying this amendment I am afraid would be to kill this bill.

Mr. JUTRAS: If that were carried, I suppose it would wipe out the credit as well.

The CHAIRMAN: No. The idea is that he would get a re-establishment credit and this subsidy as well. It would mean in the case of a fellow who went into business, if he borrowed \$3,000, the difference would be $1\frac{1}{2}$ per cent; the difference would be \$45 the first year; and if he went ten years, it would come down to an average amount of \$25 a year for ten years. It would mean a further subsidy to the man who went into business, over and above what anybody else gets, of \$250. I can say, without hesitation, that the government will not accept a further subsidy to the veteran, the small group who go into business. In other words, there is today a feeling that the man who gets a university course or who goes under the Veterans' Land Act is getting a much better deal than the man who goes out and gets a job and takes his \$420 re-establishment credit; and it is felt that there should be a difference between those men who are in the majority, when so much more is being done for a few people in other groups. If a man is able to go into business, he should not get more of a grant than the one who goes out and takes an ordinary job.

Mr. WRIGHT: I would give more of the veterans a better deal than they get at the present time. Certainly, the veteran who comes under the Veterans' Land Act gets a better deal; but there will be veterans who are unable to get these other benefits, such as higher education, and under the Veterans' Land Act, who will take this. Why we should not give them the same or an even break is something I cannot see.

Mr. CROLL: What I am concerned about is this: we have been very anxious to get some such bill before the house in order to extend some relief to these people. Now, what is desirable and what is obtainable seem to be two different things. As a result of considerable negotiation, Mr. Sharp and the department come here and say: this is the best we can do. It has the effect of throwing the bill out of the window this session. I think that would be a mistake. All of us want it, although it does not seem altogether acceptable at this particular point. I think rather than to jeopardize the whole bill, I would ask Mr. Wright and Mr. Quelch to reconsider the bill at this time, in order to put something through. I am in agreement with them, but it is not possible at this time, I am told, and that we cannot get it through.

I was concerned a little with what the minister said today. I understood, if we worked hard enough in this committee, that at the end of this session we would have a veterans' Bill of Rights, not perfect, but complete; and to that extent we have been working very hard. I would still like to see it at this session; and then, at the next session, we could sit down and improve it. This will do some good to some people and I do not think we should exclude it.

Mr. GREEN: It has been said that if this recommendation is passed by the committee and the government cannot accept it, therefore the whole bill would be thrown out. That, of course, does not necessarily follow, and I think it is an improper and unfair suggestion to make. After all, the committee is here for the purpose of making recommendations as to what we think should be the proper form of legislation. If we make a recommendation that the government cannot accept, then it is their unpleasant obligation to act accordingly; and if they bring in a bill that does not meet our recommendations, they must take whatever criticism follows. Nobody can contradict that. But, if we move a recommenda-

tion that is not acceptable, it should not be said that we are working against the whole bill and therefore working against the soldiers. It is a type of argument that makes for bad feeling in this committee.

The CHAIRMAN: To clear up what I have said: it is quite clear that if we write $3\frac{1}{2}$ per cent into this bill and do nothing further whatever, the bill would be ineffective in regard to helping veterans because the banks would not do any business on that basis. So we would have to provide for a subsidy to the banks, and I know, from my experience that I have had up to this date, that the government will not accept any subsidy such as that. They estimate that with the guarantee which they are making, they are going to lose, perhaps, quite a sum of money in order to make credit easier for the veteran. The limit guaranteed is such that they foresee losing quite a bit of money. I can tell the committee right now that the government will not accept a further subsidy to be written into this bill. So, when we come to vote on this question, what we are voting on is this: whether we are going to write into this thing a $3\frac{1}{2}$ per cent rate on the basis of which no veteran will be able to get a loan; or whether we will leave it at 5 per cent, at a basis where, we hope, the veteran will get a loan. The government will not accept any such provision as a subsidy.

Mr. WRIGHT: But there is no reason why some of us should not urge that it do.

The CHAIRMAN: If you want to carry it with that idea in mind, all right; but I suggest to you that it is only wasting time because it would be unsatisfactory.

Mr. HERRIDGE: In order to prevent any delay with respect to the bill, could we not recommend that the government subsidize to the extent indicated?

Mr. BENTLEY: Will you read Mr. Wright's motion.

The CHAIRMAN: Here is Mr. Wright's motion: that paragraph 9 of clause 3 be amended by substituting the words "three and one-half" for the word "five" in the first line; and that the government subsidize the banks to the amount of $1\frac{1}{2}$ per cent.

Mr. QUELCH: If we pass this bill, you will be in a position to report this bill and say that this committee was in favour of a 5 per cent rate. That would mean that the committee would be criticized all over Canada. People know that loans are being made in Europe for as low as 2 per cent. I would resent a suggestion that I favoured a 5 per cent loan, in view of the fact that the government can borrow for as low as 3 per cent and even less. I am fully in accord with the amendment moved by Mr. Wright. Even if this committee does go on record as advocating $3\frac{1}{2}$ per cent, there is nothing to stop the bill, or to stop the government from bringing in a bill as they did in the case of the Pensions Act.

Mr. ISNOR: I differ from Mr. Quelch because there certainly is a very definite difference between the two rates of $3\frac{1}{2}$ per cent and 5 per cent. I feel that we would not be criticized and—speaking as one coming from an urban district—that we would not be subject to any criticism whatever from the business man, because you are doing something for him, as an advantage, compared to the ordinary business man. Today, when an ordinary business man walks into a bank—or rather, when he did so two or three years ago—and applied for a loan such as proposed, he would be told that the rate was 7 per cent.

Mr. QUELCH: What about today?

Mr. ISNOR: It is 6 per cent today.

Mr. QUELCH: No. It is 5 per cent.

Mr. ISNOR: He would be told that it was 7 per cent on a thirty, sixty, ninety day term. The last amendment to the Bank Act lowered that rate to

6 per cent; and a person would likely be told today that it would be 6 per cent. On the other hand, should he have a well-established business and be able to make a dicker with the bank, he might perhaps get a rate as low as $4\frac{1}{2}$ per cent, but he certainly would not be given the advantage of a small loan over ten years. It does not say that it must be 5 per cent. It says it shall not exceed 5 per cent. And if a veteran establishes himself in business on a 5 per cent basis and shows, by progressive methods, that he is a good business man and is able to take care of his debts and so on, it is only reasonable to suppose that the bank would lower his rate to $4\frac{1}{2}$ per cent or even 4 per cent. For that reason I believe you would be doing a real service to the veteran by making it possible for him to procure funds to finance his business at the present day rate of interest, with the advantage of a longer term than he would otherwise obtain.

The CHAIRMAN: Are we ready for the question? Those in favour of the question? The amendment is that the rate be reduced to $3\frac{1}{2}$ per cent and that the government subsidize to the extent of $1\frac{1}{2}$ per cent.

Mr. CRUICKSHANK: I shall not vote for the amendment because I am not in favour of subsidizing banks.

The CHAIRMAN: All those in favour of the amendment say "yea".

Mr. BENTLEY: I am not going to let George's remarks pass unchallenged. This whole Act is a guarantee to the banks, but I am going to support this bill even on those terms, because I want to see the veteran re-established, not to see the banks supported at all.

The CHAIRMAN: Those in favour will say "yea" and those against will say "nay". The "nays" have it.

Mr. CROLL: Let us get on.

The CHAIRMAN: Shall subsection (g) carry as it stands?

Carried.

Shall subsection (h) carry?

Carried.

By Mr. Green:

Q. Why is that? Is it fair that there should be any other charge against the veteran?—A. All charges are excluded except insurance.

Q. No, but when is it in default?—A. There may be certain legal costs involved.

Q. Why not restrict the charges to those legal costs? According to the way it reads now, it is wide open, in the event of any default.—A. This is drafted in the same way. We have not had any difficulty with it. I do not think there is any reason to feel it would result in more than legal costs being assessed.

Q. Do they start to charge compound interest, if the man gets in default?

The CHAIRMAN: They cannot do so. The Bank Act says: 6 per cent simple interest; and they are restricted thereby.

The WITNESS: Yes.

The CHAIRMAN: Is subsection (h) carried?

Carried.

Is subsection (i) carried?

Carried.

Mr. WRIGHT: At the last meeting of the committee we were given to understand that the applicant for a loan would have two barriers to pass, as it were; that he would have to satisfy the Department of Veterans Affairs that

the loan was a good one; and that he would have to satisfy the bank. Now, today we are given to understand such is not the case, that he won't have to satisfy the Department of Veterans Affairs respecting the loan at all, but simply have to satisfy the bank. Which is the correct position?

Mr. WOODS: He does not have to satisfy the Department of Veterans Affairs that the loan is a good one; but he does have to satisfy the Department of Veterans Affairs that he is, in fact, a veteran, under the terms of the Act. On the other hand, if there is anything about the applicant whereby we think he is not a good risk—and there will be men, in certain conditions, who we think should not be allowed to take out a loan—we reserve the right to make that observation. But we would not examine the applications from the standpoint of the soundness of the financial proposal.

Mr. CROLL: The word "concurred" means that you are bound by whatever the bank does.

Mr. WOODS: Yes.

The CHAIRMAN: Is section (i) carried?

Carried.

Take out the commas.

The CHAIRMAN: Does subsection (i) carry?

Carried.

Mr. CRUICKSHANK: My understanding was that the only security they had was against the individual business.

The CHAIRMAN: That means subject to this Act?

Mr. CRUICKSHANK: It definitely means they cannot take security against anything else.

The WITNESS: No. The Act does not limit it that way.

Mr. BENIDICKSON: "Prescribed" is defined in the first paragraph. In the second paragraph it says prescribed comes under the regulations of the Act.

The WITNESS: That is right.

The CHAIRMAN: Yes, but the regulations would have to be subject to the terms of the Act.

Mr. CRUICKSHANK: Mr. Chairman, I hope I am not offending anybody at this time. Not having any knowledge of law, that does not make any sense to me. We do not know what the regulations are going to be. It is all very well for Mr. Sharp or anyone else to come before us today and say it is only when the regulations do come down, and that security will only be on that particular business. The regulations may come down next week or next month and the security may be on the man's car or on his house. I cannot see that at all.

The CHAIRMAN: Shall the section carry?

Mr. CRUICKSHANK: No.

Mr. GREEN: Before that carries, Mr. Chairman, is it not a fact that the only case in which the Act says that the security can only be on the asset on which the loan is made is in respect of real estate?

The WITNESS: That is right.

Mr. GREEN: Apart from that, they can take any security they wish, without any restriction?

The WITNESS: No. That is not quite right. I was agreeing with Mr. Cruickshank that the only place where there is any limitation in the Act on the kind of security that can be taken is in regard to real property. But we will place restrictions in our regulations. The banks will not be free to take any security they wish. I agree with Mr. Cruickshank, it is left with the discretion

of the government. But in general the intention is that security shall be taken on the articles purchased with the proceeds of the loan. That is the legal position. There is no question about that.

Mr. GREEN: Why not put it in the Act?

Mr. CRUICKSHANK: Yes.

The WITNESS: We do not like to limit ourselves, in this sense. We are not so worried about the security against the loan but we may want to leave this opportunity so that where the veteran is willing to put up an additional security, he may.

By Mr. Benidickson:

Q. It may make the difference between his getting a loan and not getting a loan?—A. Exactly. That is the point.

Mr. CRUICKSHANK: What was that?

Mr. BENIDICKSON: It may make the difference between his getting a loan and not getting a loan.

The WITNESS: That is right.

Mr. BENIDICKSON: It is a voluntary thing. It is security that is no doubt given before the loan is made, not something that is taken from him or squeezed out of him in addition after he has made his deal.

The WITNESS: That is right.

Mr. CRUICKSHANK: On the other hand, it may be very good for the banks. As I say, the banks are risking nothing now. They may say, "Now, you are not a good risk, Jones, but I will tell you what we will do. If you throw your car and your house in, we will give you a loan." Why not have it in black and white? So far as I can see, the banks or the government have given the soldiers absolutely nothing but make \$3,000 easier for them to secure. Financially they are assisting the soldier not one dollar.

Mr. QUELCH: One and a half per cent.

Mr. CRUICKSHANK: Then they are assisting him to the extent of \$1. But when you talk of assisting him, if the banks are going to turn him down—and we are given assurance they would—unless he puts up additional security, I want to know what it is to be. Let us call a spade a spade and put it in here. I want to know definitely what the man has got to put up as security.

Mr. Mutch: Are we correct in this, Mr. Chairman? In all these Acts regulations are for the purpose of administration and are not covered in the Act. They are amenable to change at any time. Is that not correct?

The CHAIRMAN: That is correct.

The WITNESS: That is right.

Mr. Mutch: Is it possible in practice to specify all these things?

The WITNESS: No.

Mr. CRUICKSHANK: Mr. Chairman, it is 1 o'clock. I move that we adjourn.

The CHAIRMAN: If I may—

Mr. CRUICKSHANK: No, Mr. Chairman, it is 1 o'clock. You are not going to pass that section when we have further discussion to take place with regard to it.

The CHAIRMAN: Before Mr. Cruickshank made his motion, I was going to point out to the committee that if we are going to carry out the program which we adopted and get this legislation through by the 24th of July, we will have to begin sitting in the afternoons. I would suggest that we sit this afternoon at 4 o'clock. Is that satisfactory?

Mr. GREEN: Well, we cannot sit to-day because of the main speeches on the budget in the House.

Mr. QUELCH: All the main speeches are being made to-day.

Mr. MUTCH: We could read them.

Mr. GREEN: What about sitting to-night?

Mr. QUELCH: Yes, I am willing to sit to-night.

The CHAIRMAN: Let us sit to-night at 9 o'clock then. We will adjourn until to-night at 9 o'clock.

The committee adjourned at 1.05 p.m. to meet again at 9 p.m.

The committee resumed at 9 p.m.

The CHAIRMAN: I have a letter here from the Canadian Legion, Dominion Command, signed by Mr. Herwig, the general secretary, outlining their further submissions in regard to the civil service preference. It is about two and a half pages in length. I do not suppose we will be taking it up until some time next week so that, with your permission, we could table it and by the time we come to take it up, every member would have had a chance to read it. But if you prefer, I can read it now.

Mr. MUTCH: Table it.

Mr. CROLL: You read too slowly.

Mr. GREEN: Why not read it when we are discussing it?

Mr. CROLL: Put it in the record and then we will read it.

Mr. GREEN: If it goes on this record we will not read it.

Mr. CROLL: We will read the original one before we start discussing the subject but if it is on record it is available for some of the people who may want it.

The CHAIRMAN: I will table it tonight and then we will bear it in mind when we come to take the matter up.

The only other statement I know of that we have to receive on that is from the air force who were to make a submission in the matter. If there is anyone who knows of anything else, they should let us know, because we will be taking it up, I suppose, after we have dealt with these bills. I believe you, Mr. Mutch, wished to submit your subcommittee's report. Is that correct?

Mr. MUTCH: I have it ready.

The CHAIRMAN: I think we might as well have it submitted and get it on the record.

Mr. MUTCH: Mr. Chairman, I have to present now the second and third and final report of this subcommittee. The second one which I shall read first deals with the bill dealing with civilian pensions. I have to report that your subcommittee held 9 meetings, discussed the legislation and submits the following report:—

SECOND REPORT

Pursuant to the Order of Reference of May 14, 1946, your Subcommittee has examined the draft of a proposed bill respecting civilian war pensions and allowances.

Your Subcommittee recommends that the following amendments be made in the draft:—

Clause 2: That paragraph (b) be deleted and the following substituted therefor:—

(b) "War" means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine, the date or dates, as the case may be, of termination of which will be such date or dates, as may be proclaimed by the Governor in Council;

Clause 5: That paragraph (a) be deleted and the following substituted therefor:—

(a) "Canadian national" means a person who is a Canadian citizen as defined in The Canadian Citizenship Act;

Clause 12: That the words *or to which it was chartered* be added immediately after the word *licensed* in the last line;

Clause 39: That clause 39 be deleted;

Clause 39 gave the committee some little difficulty and we asked for an opinion from the Chairman of the Pension Commission. After lengthy consultation,—I have a memorandum which I shall file in connection with that, that the clause is no longer of value—your committee recommends that it be dropped. Then in clause 52 there was an error.

Mr. BROOKS: May we know what clause 39 says?

Mr. MURCH: I have that in front of me here. I did not know whether you were just to receive it or wished to discuss it. It is very brief. I will be happy to tell you what it is. Clause 39 reads as follows:—

Where the award of more than one pension to or in respect of the same person is authorized under this Part, only one person shall be paid, but the commission may, in its discretion, direct payment of the pension that is the greater in amount.

That is on page 11 of the Act. Mr. Brooks. The committee, after considering this and discussing it, and getting the opinion of the Pension Commission, have recommended that it be dropped. Continuing:—

Clause 52: That the words *Schedules I and II of this Act* in the last line be deleted and the words *Schedules A and B of the Pension Act* be substituted therefor.

Your Subcommittee also recommends that the draft of the proposed bill be further amended to include provision for the following groups similar to that provided for other civilian groups:—

1. V. A. D.'s who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942;
2. Former members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war;
3. Orthopaedic Nurses selected by Canadian Red Cross Society for employment by the Scottish Ministry of Health;
4. Former Civilian Flying Personnel of No. 45 Group R. A. F.

and that provision be made for former members of the Pacific Coast Militia Rangers similar to that provided for members of the A.R.P.

All of which is respectfully submitted.

Then I come to the third and final report. Preliminary to this I should like to say that the committee as a whole directed us to see what could be done in the way of obtaining an omnibus bill which would deal with the rights to be granted to other civilian personnel, to make it all-inclusive. With respect to that we did consider in detail all of the representations which were made available to us. As the result of deliberations, the following report is made, which I shall read first and then comment on in a word or two. The report is as follows:

THIRD REPORT

Pursuant to Order of Reference of May 24, 1946, your subcommittee has examined the representations of the following groups urging claims to benefits under veteran legislation:

1. Supervisors in the Auxiliary Services.
2. Fire Fighters who served in the United Kingdom.
3. V.A.D's who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942.
4. Members of the Canadian Red Cross Society and the St. John's Ambulance Brigade who served in an actual theatre of war.
5. Orthopaedic Nurses employed by the Scottish Ministry of Health.
6. Former Civilian Flying Personnel of No. 45 Group R.A.F.
7. Instructors in Elementary Training Flying Schools.
8. Instructors in Air Observer Schools.
9. Transport Service, Northwest Field Force.
10. Auxiliary Services—Headquarters Staff.
11. Civil Security Police;
12. Radio Engineers.

Mr. GREEN: Did you have anything to do with the merchant seamen?

Mr. Mutch: No. That was not referred to us, if you will remember. They were to be dealt with by an approach to the Department of Transport. That was the decision at that time. They were specifically excluded except in the bill for pensions. They are included in the civilian pension bill and this has no reference to pensions. This report is only as to other rights asked for. Continuing:

The Subcommittee recommends that no action be taken in respect of the groups numbered 7 to 12 inclusive.

In respect of groups 1 to 6, your Subcommittee recommends that they be granted limited benefits as follows:—

1. *Supervisors in the Auxiliary Services.*

All benefits granted to veterans.

This is in accordance with the recommendation of the Main Committee.

2. *Fire Fighters who served in the United Kingdom.*

- (a) A gratuity of \$15.00 for every 30 days of service overseas;
- (b) Eligibility under The Veterans Insurance Act;
- (c) Rehabilitation grant as determined in paragraph (f) of Section 2 of The Veterans Rehabilitation Act of the same amount and subject to the same conditions as granted to veterans;
- (d) Eligibility to vocational and technical training benefits under The Veterans Rehabilitation Act;
- (e) The rights, privileges and benefits under The Unemployment Insurance Act, 1940;

- (f) To be deemed, for the purposes of the Civil Service Act, to have served on active service overseas with the naval, military or air forces of His Majesty;
- (g) Class III treatment as provided for veterans under The Department of Veterans Affairs Act;
- (h) Income Tax exemption 20 per cent of pay and allowances;
- (i) If pensionable, eligibility under the provisions of The Veterans Land Act, 1942.

It will be noted that this recommendation is not as generous as that of the main committee. It was the feeling of your Subcommittee, however, that some distinction should be made between the members of this Corps and veterans of the Armed Services.

3. *V.A.D.'s who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942.*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
4. *Members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an Actual Theatre of War.*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
 - (c) A gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act, 1944.
5. *Orthopaedic Nurses Employed by the Scottish Ministry of Health.*
 - (a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act;
 - (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
 - (c) A gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act, 1944.
6. *Former Civilian Personnel of No. 45 Group R.A.F.*
 - (a) Vocational and educational training as for veterans;
 - (b) Benefits under The Veterans' Land Act, 1942;
 - (c) Gratuity of \$15 for every 30 days of service;
 - (d) Re-establishment credit;
 - (e) Class III treatment under the Veterans Affairs Act;
 - (f) Eligibility for veterans insurance;
 - (g) Income tax exemption as great as that granted any other civilian group.

All of which is respectfully submitted.

Mr. SINCLAIR: What was the last group mentioned? Was that the ferry command?

Mr. MUTCH: The ferry command.

With respect to these reports may I say a word briefly. With the exception of the discussion with respect to the firefighters, I am happy to say that the committee recommended without division and expressed their unanimous satisfaction with the findings of the committee. The limitation of the privileges to be extended to the firefighters as veterans was not unanimously accepted,

although the majority of the committee favoured some differential between them and the other services. There has been some difference of opinion in the subcommittee and discussion elsewhere as to the position of No. 45 R.A.F. ferry command, as we have called it. Your subcommittee felt that an organization which had lost 22 per cent of its members dead, and as near as we could discover whose casualties were somewhere between 90 and 100 per cent fatal, had certainly made a contribution which was comparable to the contribution made by other organizations of a wholly civilian nature which have received benefits under veterans legislation. Beyond saying that the subcommittee expressed itself strongly with respect to those people I do not think this is the time or the place to do more than to submit this report with this possible exception, that if it is in the interests of speed or will hurry up the possibility of having this civilian pension bill printed and prepared for the further consideration of the committee with the amendments to it I am prepared, if it is timely, to move the adoption of that and to give notice that at the appropriate time I will move the adoption of the third and final report. I will suspend them both if the committee does not wish to consider it any further now. The first one deals solely with the civilian pension bill.

Mr. ISNOR: I wonder if the subcommittee chairman would advise us as to what action was taken concerning the security police and also as to whether the case of the pilots has been considered. There was a brief presented in connection with the Halifax pilots. What action was taken?

Mr. MUTCH: I have the minutes here.

Mr. QUELCH: Would it not be as well to wait until that report has been printed so that we can read it and deal with it?

Mr. MUTCH: I am completely in the hands of the committee. I do not care whether I do it now. Certainly I know that the second report is probably in some degree contentious in the main committee. We would want time to consider it. With respect to the first one we have a draft bill before us to which we have made some amendments.

Mr. CROLL: It will take a bit of digesting.

Mr. ISNOR: I want to know what action was taken. That is all.

Mr. MUTCH: The answer to that question is that with respect to the pilots and security police the subcommittee did not recommend any action.

Mr. ADAMSON: May I ask one question? As one of your terms of reference did you consider whether members of the auxiliary services and the Red Cross should be granted the ordinary medals that are worn by the services? Was that in the terms of the reference?

Mr. MUTCH: The matter of medals was not mentioned and was not the subject of discussion in the subcommittee. We had no reference with respect to that to our subcommittee.

Mr. SINCLAIR: That would be National Defence.

The CHAIRMAN: It was felt that was really a matter for National Defence.

Mr. COCKERAM: Except that we are talking for the veterans and we feel that those fellows who performed that kind of service are entitled to them.

Mr. MUTCH: If I am not mistaken auxiliary service personnel are granted them. I think I know some who were granted campaign medals. They are permitted to wear campaign medals, and it is possible for them to be decorated for meritorious service.

The CHAIRMAN: These things are decided by some committee in National Defence. Before we would make any recommendation on it I think we would want to go into the thing carefully.

Mr. ADAMSON: Would it not be in order to ask that committee of National Defence whether they have considered it and bring in evidence before this committee? Many members of the Red Cross did see actual service under fire and did not get a decoration whereas quite a number of people who stayed in Canada did get the ordinary war medals and awards. They feel it rather acutely.

The CHAIRMAN: I suggest to you that you direct a question to the Minister of National Defence. Then when we get through the work we have more or less undertaken already if we have some time then and you wish the committee to study it I am sure that the committee would be willing to, but I doubt very much if they will have time to go into it at any great length. I suggest that you take it up with the Department of National Defence. Then you will be in a position to decide whether you want to bring it before the committee again.

Mr. COCKERAM: In that connection talking about medals of the war the people who served in this recent war who won the military medal receive a per diem allowance whereas those who won the same decoration in the first war, the war of 1914-18, do not get it. Does that come under this committee to recommend or does it not?

The CHAIRMAN: The only way in which our department comes into the picture there is that these allowances are actually paid by the Pension Commission but they are paid because of an order in council which charges them with that duty. The reason why that happens is that in regard to the first war those gratuities were paid by the British government.

Mr. COCKERAM: There was not one for the military medal.

The CHAIRMAN: There was not one at all for the military medal. Early in the second war payment of that was undertaken in respect of Canadians by the Canadian government.

Mr. COCKERAM: That comes under this committee?

The CHAIRMAN: I suppose there is no reason why we could not consider it.

Mr. COCKERAM: In that regard the Canadian Legion have recommended that there be such an allowance for every man who still survives who won the military medal during the war of 1914-18. I think this committee should take that under advisement and, if necessary, make a recommendation that there should be no differential between the awards won in the 1914-18 war and the 1939-45 war.

Mr. MUTCH: Should not that type of recommendation be a part of our general recommendations outside of specific legislation? That does not require legislation under any of the bills we have. We could make an omnibus recommendation. There will be a lot of things we will want to tidy up if we ever get through. We could probably include that in a report which will not deal with specific legislation. That is my suggestion.

The CHAIRMAN: That was provided for by order in council under the National Defence Act. I think before we made any recommendation we should hear evidence on it. We should hear evidence on that and the question of medals.

Mr. ADAMSON: Medals and awards are under National Defence? They are not under the terms of reference of this committee?

The CHAIRMAN: The terms of reference of our committee were very wide. The matter you have mentioned and the matter that has just been mentioned by Mr. Cockeram are subjects that we could take up.

Mr. GREEN: Why not add those subjects to our agenda?

The CHAIRMAN: We will add them to our agenda. If we get time to come to them we will take them up.

Mr. HERRIDGE: We have got more important things just now.

The CHAIRMAN: Your steering committee will decide when it will take up the subcommittee's report. I should like to thank him very much for the time that he has apparently spent on this matter.

Mr. MUTCH: There is just one thing. The subcommittee will want me to say we were very much indebted not only to the service we got from the secretary who was with us all the time but also I think at six of our eight meetings we had the services of the chairman of the Pension Commission which were very helpful to us from the point of view of keeping us posted on facts.

The CHAIRMAN: Thank you very much, Mr. Mutch.

Now, we were going to go on with the bill in regard to loans. We were on section 3 (j). Have you had a chance, Mr. Sharp, to take up with anyone the question of loans being made to buy an interest in corporations?

Mr. M. W. Sharp, Department of Finance, recalled.

The WITNESS: Yes, I had some conversation with some people this afternoon.

The CHAIRMAN: Would you care to tell the committee about it?

The WITNESS: As I see the position—

Mr. GREEN: We can't hear you.

Mr. COCKERAM: We cannot hear you at all.

The WITNESS: As I see the position in connection with the definition of purchase of a business I think that there are three main objections to it. I have tried to note them down. First is the one that was made pretty clear this afternoon, that re-establishment credits were not available for this purpose and therefore it would interfere somewhat with the intention of the Act. That may or may not be a substantial objection but I think it is a fairly important one. The second one is this, that in order to ensure that the money is used by the veteran for his establishment and that he has some control over its use I think that it would only be wise to provide that if the veteran is to use his re-establishment credit for the purchase of shares in a limited liability corporation that it ought to be provided that he should acquire a majority of the shares; otherwise he has no control over the money that he is putting in for his own establishment. If he acquires merely a minority interest in a company all the money is gone in so far as he is concerned. However, if you do provide that he should acquire a majority interest in a company it would be an extremely small company, since the loan under this Act is limited to \$3,000 and that is not to exceed two-thirds of the total expenditure. I calculate that he would have a maximum of \$4,500 to spend to acquire a majority of the shares in a company. That would be a very small company.

Mr. CROLL: You could not have two boys do it together either?

The WITNESS: No.

Mr. CROLL: They could not both acquire a majority.

The WITNESS: May I just explain this point. The great difference between acquisition of shares in a limited liability company and a partnership venture is that the veteran can at any time get out of a partnership and get his money out of it.

Mr. GREEN: Well now, if you come down to brass tacks of legal administration, if a man puts money into a partnership he cannot get it out legally without observing the whole terms of the partnership.

Mr. CROLL: There is usually a clause in such arrangements which provide for the giving of notice of anywhere from three months to six months, or nine months or twelve months.

Mr. GREEN: I mean to say, as to the actual working out of the thing, it just cannot be done in that way, you can't have a one-third interest in a company, a partnership—you allow him to take a one-third interest in a partnership, why can't you allow him to take a one-third interest in a corporation. I mean you are failing entirely to recognize the fact that most business in Canada is done by corporations and not by partnerships.

The WITNESS: I am putting forward the views that I have been able to arrive at myself. That point which Mr. Green makes may be a contentious one. I had always assumed there was a difference between the acquisition of shares in a limited liability company and the acquisition of a partnership interest.

Mr. GUNN: And there is a difference.

The WITNESS: Well, in my view there is a difference. The third objection is this: I have had an opportunity of speaking to the banks about it; at least, I spoke not to the banks but to the Canadian Bankers Association. They took this view, that if you had that provision in the Act in general they would not be inclined to recommend such investments to a veteran; that is, only in exceptional cases would such an investment be in the veteran's interest. However, they said that was just their view. It may be that the situation would be better than they expect, but they would expect the veteran to be besieged by share pushers who would try to inveigle the veteran into investing by offering him a job. Now, they say, we really do not care what you do; we would advise very strongly against it from a practical business point of view. But they said—

Mr. GREEN: Of course he can be inveigled in just the same way to go into a partnership.

The WITNESS: Yes he may be; except that it does not seem to be such a common practice. That was the view of the banks. They said they did not anticipate nearly the trouble with the limitation to partnerships as if it were thrown open to some such thing as this, that the purchase of a business shall include the purchase of shares in a business in which the veteran intends to participate actively. That is what it would have to be. The banks said, we don't care though which you do. We would consult with our members, of course; at least, if you put it to us we would consult; but we do not take a serious view from our own point of view. We recommend against it in the interest of the veteran himself. Those are the views that I have been able to get this afternoon. In the department itself the deputy minister recommends against it very strongly, and I think for very much the same reasons as the banks recommend against it.

Mr. WOODS: May I say at this stage, Mr. Chairman, that we have been reading up on the United States bill of rights which provides for the granting of loans for among other things veterans going into business, and veterans are available to the purchase of businesses conducted by the veterans; and the definition of conducted by the veteran is given in their bill of rights—personally performed, directed or operated by him on a full or part time basis with or without hired labour.

Mr. GREEN: That does not say a man cannot be in a company.

Mr. WOODS: There is no provision for that in their law. I read it through and there is no provision in their law which can be used for the purchase of shares in a company.

Mr. GREEN: No, but is there any provision for participation in a partnership?

Mr. WOODS: In a partnership, no; they refer to a guarantee of 50 per cent of a loan, or 50 per cent of it is guaranteed.

The CHAIRMAN: We will have to decide this question fairly rapidly if we are going to get this legislation through as we had intended. Is there anyone

else who wishes to speak on the matter? It seems to me the only way we can decide on these things is to vote on them, each one using his own judgment.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: You heard the motion by Mr. Green to insert in this clause (e) of clause 2, that it be amended to include in the definition of the purchase of a business the purchase of an interest in an incorporated company. That would be in paragraph (e) of clause 2. Those in favour of the amendment please say aye. Those opposed nay. I am sure that not more than a quarter voted.

Mr. ROSS: May I ask this question; does the veteran have to apply to the bank, or how does he get it?

Mr. Mutch: He has to apply to the bank.

Mr. ROSS: And if the bank does not recommend it he is out?

Mr. Croll: That is right.

Mr. GREEN: Of course, Mr. Chairman, the way this section reads now he can't even buy all the shares in the company. He could not buy all the shares in an incorporated company. He cannot do anything about an incorporated company.

The CHAIRMAN: He could buy the business himself.

The WITNESS: That is only inclusive. That is not exclusive.

By Mr. Green:

Q. No, it means a purchase in the business of an existing partnership.—
A. That is only to extend the meaning of the purchase of a business.

Mr. SINCLAIR: If everybody in this company is going to be a veteran taking advantage of these loans, then I cannot see anything to your argument at all. Our point here was that, in assuming all these small businesses established, and assuming that the loan is so small, you will get two or three veterans coming together—in British Columbia it needs only two to form a joint stock company. I am thinking of, say, two members of the air force starting a garage. In a specific case like that, you would have everybody veterans who are getting loans under this Act. I think such a case should be included under this.

By Mr. Croll:

Q. What difference does it make to us. The section stands as it is. They include the corporation; and if they do not want to make a loan to the corporation, the bank won't make it. It is entirely up to them.—A. In all cases the bank deals with the veteran and not with the corporation. What would happen under those circumstances, I assume, is that the loan would be made personally to the veteran, and the bank would take the shares acquired by the veteran as security.

Mr. FULTON: Mr. Green's amendment does not put the interpretation on it that I previously had. You read it as if the veteran could buy shares in existing concerns.

The CHAIRMAN: That is what the amendment is.

Mr. FULTON: No, I do not think so. I think it means in concerns in which he is going to take an active part. I think those words should be left in, that the amendment should be put in for a new partnership or corporation, if the partnership business or corporation is to be the main thing.

Mr. Croll: By merely adding the word "corporation" to the partnership. That is what he meant.

The CHAIRMAN: I will read it as I understand it. I did not go into it exactly.

That paragraph (e) of clause 2 be amended to include in the definition of "purchase of a business" the purchase of an interest in an incorporated company.

Mr. GREEN: Yes, that is right.

The WITNESS: I do not want to get into the discussion, but I still do not quite understand what it means. Suppose a veteran works for, say, the Winnipeg Electric Company and he asks for a loan to purchase shares in the Winnipeg Electric Company?

Mr. GREEN: That is obviously not meant to be covered. All we are asking is that a boy get a chance to get into a thoroughly sound private company, but not to get credit to do a thing like that, I mean, to go out and buy shares in a utility.

Mr. MUTCH: But how could you protect him against it.

Mr. GREEN: The bank would not give the loan.

Mr. FULTON: Add the words "private company"; that would cover it.

Mr. GUNN: But a private company could be changed to a public company the very next day. I wonder if this would be the way to carry out what seems to be the desire of this committee: by changing the word "partnership" to the word "business", wherever it appears. It would then read: "Purchase of a business includes purchases of a company in an existing business and the advance of capital for a new business, if the business is to be the main occupation of the veteran and he intends to participate actively in it."

Mr. MUTCH: That puts it squarely up to the banker.

Mr. GREEN: That would meet my suggestion.

The WITNESS: The thing which concerns me today about this amendment is: there seemed to be two or three quite different ideas abroad. If a number of veterans are going to pool their resources and go into business together; if that were the intention of the committee in making this recommendation, I would suggest that the amendment be narrower than has been proposed. I am afraid that if this amendment were accepted by the government and adopted by parliament, it would be necessary for us to give very careful and precise instructions to the banks, so that they would be protected to some extent from the charge that they were failing to carry out the intention of parliament. We would have to tell them what we understand was meant by the enactment of that section. Otherwise a veteran would go in and he would say: "The purchase of a business means this." And he would say to the bank, "I would like to borrow money with which to buy some shares in the company for which I work. That is included here." The bank would say: "it may be included, but we do not think it is good for you." I do not think it is fair to put the bank in that position. I think there ought to be some fairly definite indication from the government as to what the Act was intended to mean. Now, that is just a comment on the proposed amendment. I am very doubtful about this.

Mr. GREEN: I cannot understand why you would restrict the man to a partnership by putting that restriction in. You are just preventing a large proportion of the veterans getting any help at all under this Act.

Mr. MUTCH: I would take a chance on the bank protecting themselves.

Mr. GREEN: Surely!

The WITNESS: The original intention was merely to assist a man in getting established in business himself. The partnership was put in as a concession because it was recognized there might be cases of that nature. We are making another concession on top of the one that has already been made.

Mr. FULTON: If you leave the words in, "if the partnership or corporation business is to be the main occupation of the veteran," I think that the meaning is perfectly obvious. A man cannot buy shares in the C.P.R. and say, "Well, I

have worked for the C.P.R." I am sure a banker would have sense enough to interpret the words intelligently.

Mr. MUTCH: Have you ever retained a lawyer to define anything like that?

Mr. BAKER: I was in business for about fourteen years. Corporations are very hard bodies. Unless you have a majority of the shares, you may be working for them today but not tomorrow. In the interests of the veteran you have got to hold the thing tightly, otherwise you are liable to meet unscrupulous people who will get a group of these veterans into one of these things in order to get money at 5 per cent; then when the veteran tries to get out, he will have quite a job. There is nothing harder than the average corporation.

Mr. GREEN: Would you advise the veteran to carry on active business in a partnership rather than in a corporation?

Mr. BAKER: At the present time, in view of the taxation features, I would. If he wants a loan, say, for \$3,000, I think you would be well advised to grant it at the present time.

Mr. MUTCH: The trouble is, it is not limited.

Mr. BAKER: I am not opposing the idea, I am just bringing this up.

Mr. MUTCH: It looks as though the veteran might be squeezed out of his \$3,000 in one way and the other way, in my opinion, I think he is likely to lose his shirt.

Mr. McKAY: I do not think we are so concerned about the veteran going into a corporation; we are interested in a small group of veterans, two or three or possibly five or six. I know of one case where three boys wanted to go into the garage business. One was a mechanic and he wanted to go into the mechanical end, another was a salesman and he wanted to go into the selling end, and the third chap had been a general manager in a small business before. They wanted to go into business together, and the net result was that they got their re-establishment credit and they went to the bank and they got the money. The bank said it was a good proposition, but they had to pay a reasonably high price for the credit. I think this amendment will take care of that situation, and I am all for it. It is not fair to these lads if they have to pay an exorbitant rate of interest.

Mr. BROOKS: Did they form a partnership?

Mr. McKAY: Yes, they did. They are in business now and they are running their own business. The big complaint was that they were paying too large a rate of interest for the loan. They are making good.

Mr. CRUICKSHANK: Are they a company?

Mr. McKAY: Yes, they have a partnership of the three of them.

Mr. ADAMSON: They formed a company; they are incorporated. A corporation is much more flexible, because if one partner wishes to draw out he can do it far easier than by breaking up a partnership.

Mr. MUTCH: We have a large meeting here and I have great sympathy for these people who are trying to guess at what we are saying, I think we had better do something about it. I have had some experience trying to remember what I said to be put on *Hansard* when the reporter could not guess what was said because several of us were talking at once. We are getting into that condition tonight.

The CHAIRMAN: There is nothing to prevent three or four veterans going together in a partnership and getting a loan, getting their business started, and as soon as they get it started turn it into a joint stock company. I do not know why the members keep saying that there is no provision in this Act for three or four veterans getting together as a partnership and getting started. They can

borrow money and go into business and there is nothing to prevent them turning it into a joint stock company.

Mr. GREEN: I think your interpretation of the section is wrong because it says, "...and the advance of capital for a new partnership...." The bank can only advance the capital for a partnership, and if they do form a company after that they are breaking the terms.

The CHAIRMAN: No, they have the money then. There is nothing about breaking the terms.

Mr. GREEN: If this bill is left the way it stands, as long as that loan is outstanding, which may be for ten years, they cannot form an incorporation. That means that if the partnership goes broke these men will be individually broke.

The CHAIRMAN: I may be wrong. The solicitor is here and he can tell me. As I understand it, the individual goes in with three or four of his fellows; he says he wants to go into a partnership to start a garage; he gets his loan, he buys his stuff and gets his business going, and after he gets it going, so far as I know there is nothing to prevent him saying: "We want to turn this business into a joint stock company." I may be wrong. It is my own suggestion, but the solicitor is here and he can say. I do not mind him telling me that I am wrong.

Mr. GUNN: I would hesitate to say that a fellow lawyer is wrong in his estimate of the law, but I may say—

Mr. CROLL: Could be mistaken.

Mr. GUNN: Yes, he might be mistaken. Thank you, Mr. Croll. I do agree with you, Mr. Chairman, that there is nothing in the Act to prevent a business being started by way of a partnership, small or large, and later turned into an incorporated company. Mr. Green has suggested it cannot be done. I certainly differ from that view for the reason that the assets could be carried over into that new corporation subject to whatever outstanding there may be.

Mr. CROLL: That could be done. I agree with what you say, that it might be done afterwards. Why not give him the right to do it at the beginning so you do not have to go through the motions of a partnership to a corporation and have the bank say, "No, we will not deal with it as a corporation, but only as a partnership." As it is they have the choice and the advantages of a limited liability. These laymen around the table are catching onto this faster than the lawyers.

Mr. GUNN: The liability is there to begin with. When the veteran goes in to get his loan he signs on the dotted line and he cannot avoid the liability.

Mr. CROLL: A limited liability.

Mr. GUNN: And his credit is gone in that sense from the point of view of operations; he has given everything in the way of security that he has.

The CHAIRMAN: I do not know to what extent the members of the committee want to take the advice of the officials of the department, but we do not want veterans to be lured into a joint stock company on the promise of jobs which will not be fulfilled. The right of action is only against the joint stock company, which may be worthless. There is no way in which you can protect this. Suppose you have a small joint stock company running a garage and they go to a veteran and say, "Buy a third interest in this business and we will give you a job for the next two years." and it turns out that the garage is on its last legs and cannot carry out its agreement. The man has put his money into this business which has probably drawn out arrears of salary for the president of the company.

Mr. COCKERAM: Has not the bank the final say? After all the banks in small municipalities throughout the country have a good idea who these fellows are and they know the possibilities of a business. I do not think banks are going to lend money on a project that is not going to succeed.

Mr. CROLL: I think the crux of the situation was put by Mr. Sharp. He said that he did not want to put the bank in that position. That is exactly where I would like to put the bank—where the bank does not want to be at this particular time. They are getting 5 per cent and they ought to do something for it. It seems to me that is the function of the bank.

Mr. BAKER: A man has \$3,000 and he goes into a business and it is his lifetime job. He works for four months and some outside people put him out of a job, which they can do. That is the only thing I have against this. I am afraid he will be driven out of his job. It seems to me that his salary is the most important thing.

The CHAIRMAN: Let us vote on this. I have tried to interpret Mr. Green's motion. We understand what he intends, and if his motion carries we will try to put it into legal form. Of course, this will have to go back to the government to see if they agree with it. That is understood.

All those in favour of Mr. Green's motion please raise their hands.

Motion carried.

Shall the section as amended carry?

Carried.

The next section is section 3 (j), repayment of the loan was secured in such manner as may be prescribed. Shall that carry?

Mr. CRUICKSHANK: Before that carries, Mr. Chairman, I want to make my objection. I heard a long one and a half hour argument to-night on civilian soldiers and that took up enough time. All I want to do is go definitely on record as saying that this section does not satisfy me as to the protection to the soldier and his loan. What I am afraid of is that the soldier will lose, as Mr. Mutch has said, his shirt or his home or everything else. They can take security on anything at all. There has been enough legal discussion, so I am not going to make any at the moment; but I still definitely think that this section is apparently in accord with other sections, in so far as its legality is concerned, being brought in by the department up to date. I do not think it is sufficient.

Mr. CROLL: Carried.

Mr. SINCLAIR: Just a minute.

Mr. CROLL: Regulations are going to be written by the department. What can you do about it? We cannot say what the security shall be and how it shall be done.

Mr. SINCLAIR: Is the security going to go any further than the actual business, which is the thing secured?

The CHAIRMAN: It has already been pointed out, Mr. Sinclair, that if this thing is made fairly elastic, there is the chance given to a veteran to be able to fetch along some security, and to get a loan that he might not otherwise be able to get. The more you circumscribe these things, the more you make it impossible for the veteran to get a loan he might otherwise get. That is the reason it is not definitely tied down.

Mr. CRUICKSHANK: That is your opinion.

Mr. SINCLAIR: That is your opinion, Mr. Chairman. On the other hand, there is the other side which says that the more flexible you make it, the more the banks can ask; they can not only ask their 25 per cent guarantee from the government, but a man's house, his bonds, his car and everything else.

Mr. CRUICKSHANK: Yes, everything else.

The CHAIRMAN: Let us vote on it, then. Is there any amendment? We have got to decide these things, gentlemen, if we are going to get this legislation through. Is there any amendment?

Mr. GREEN: Is there not some way that the Department of Finance can work out a definition as to the form of security rather than taking broad powers? They not only take that broad power in (j) but they take a much wider power in (k) which reads, "the loan was made on such terms and in accordance with such conditions in addition to those specified in the preceding paragraph as may be prescribed." In other words, they may bring down any conditions they like, whether they are mentioned in this bill or not. I am wondering whether there may not be some limitation to the clause to impose conditions.

The WITNESS: May I suggest that the attitude of the banks towards the taking of securities is well set out by reference to section 7 of the Act. Section 7 of the Act gives the banks specific powers to take security of real property. That section, I can tell you, was put in over the protest of the banks who did not want to take the security. We required them to agree—or at least we said that, in spite of their objections, we were going to put this power in the Act so that if we required it they could take the security. The whole attitude of the banks towards this legislation is to take as little security as possible and to rely as heavily as possible on the government guarantee.

Mr. CRUICKSHANK: That is all the more to the point, as I see it. I can see the banker's point of view.

The WITNESS: That is right.

Mr. CRUICKSHANK: Or rather I see your point of view. You are going to say, "Now, Mr. Banker, make it easier for the veteran to get a loan; the more security you get, the less danger we the government face of paying 25 per cent." I can see your point in that. Mr. Green, if you can frame an amendment, I should be glad if you would. I definitely do not think this is fair to the veteran, but I am not a lawyer. If I framed an amendment, the veteran might lose everything. But I definitely do not think it is as fair as it should be. There is no reason why we should rush these things. If it had been brought to some of the lawyers like Mr. Croll, yourself and a few others ahead of time, we should have had one that would have protected the soldier. I should have included Mr. Fulton also.

The WITNESS: May I suggest that it would be quite feasible to draft a section to replace (j). It would take an Act, I should think, almost as long as the present one, to include what should go in there.

Mr. SINCLAIR: That is fair enough.

The WITNESS: And once in, it could not be amended without parliamentary approval. There may be something to be said for that, but it would mean that if the prescription of the conditions were not exactly right in the first instance, and experience showed that there should be changes, until those changes had come there might be no loans made.

By Mr. Quelch:

Q. That would be quite a reflection on your department in phrasing that extra amendment.—A. No. But we have found, for instance, with regard to our legislation of a similar type—the Farm Improvement Loans Act and the Home Improvement Loans Act, for instance—in the regulations under them we have had to make amendments from time to time on the basis of experience. No one has any experience in the making of loans like these to the veterans.

Q. I was questioning your statement that it may be said that no loans could be made.—A. No. I said no loans of a particular class could be made. At least that is what I meant, that no loans of a particular class could be made. That is, we have to set out here in these regulations, loan for the purchase of a retail store, security shall be taken on such and such; loans for the purchase of tools, security shall be taken in such and such a manner on such and such. That is what our regulations will prescribe. You could, I suppose, if you had sufficient

experience and knew exactly what you wanted to do, set that out in the Act as a schedule to the Act.

Mr. CRUICKSHANK: Mr. Sharp, could not that be in writing in simple language such as "the loan can only be taken"—I would go this far even without the approval of the Department of Veterans Affairs—"on that property or business actually purchased." What I am afraid of is this, and my experience has been considerable with the banks. I can see the point of the government in putting them in that position; it is to protect that 25 per cent. They are going to say about a garage, for instance, "We do not think it is sufficient; you throw in your grandmother's house and we will give you this loan." I cannot see why it could not be put in your legal language that the loan is entirely on whatever business, equipment or what ever the legal term is, is purchased.

Mr. QUELCH: Is that the intention, that the actual security to be given shall be on the actual merchandise purchased?

Mr. CRUICKSHANK: It says so.

The WITNESS: I hesitate to say that would be the 100 per cent rule. That would be so in 90 per cent of the cases, I should think. We did find in certain of our legislation—

The CHAIRMAN: Order gentlemen, if you want to get this taken down.

The WITNESS: We did find in certain of our legislation that you had curious cases where the particular article purchased became affixed to the other things and it was necessary to have particular regulations established. For instance, when a farmer purchased equipment to install an electric lighting system, he purchased particular chattels and then he affixed them to his property, and it became very necessary then to define exactly what you were taking security on. It was not always exactly the thing that had been purchased. So I am a little bit hesitant about agreeing to say that repayment of the loan was secured in such manner as may be prescribed by taking security on the particular article.

Mr. GREEN: Why not use the expression that is used in paragraph 7 where it says, "a mortgage or hypothec upon the real or immovable property in respect of which all or part of the proceeds of the loan are to be expended"? Why cannot you use those words "property in respect of which all or part of the proceeds of the loan are to be expended", that you can take security on that property? That is apparently all you are intending to do. Why not put it in there?

Mr. WOODS: Then that would be applicable if they bought shares in an incorporated company. You have just passed a resolution that he be permitted to use the loan to buy shares in an incorporated company.

Mr. COCKERAM: Well, if they are no good, they are no good.

Mr. WOODS: They are not necessarily chattels there.

Mr. GREEN: Shares might be considered personal property.

Mr. MUTCH: I doubt if the bank would lend on joint stock company shares.

The WITNESS: I suppose I cannot satisfy the committee on this point. You will have to take my word for it that our fight with the banks will be to get them to take security, and we are only going to require them to take security that is appropriate.

By Mr. Green:

Q. Why is the Department of Finance being so tough? They are the people who are insisting on this right to take security. Why are you being so tough when you say your intention is only to have security on the actual property that is to be used by the man?—A. I would agree entirely with what you say but I am just a little bit frightened about tying our hands too much so that

when it came to a particular kind of loan that I do not know anything about now we might find that this section of the Act tied our hands in such a way that no loans of that particular kind were made. If the committee wants to make a recommendation that we only take security on that we might have an opportunity to look at it and see whether we could not make it a little bit more specific before introducing the bill into parliament.

Mr. BROOKS: Is it not the point that in these loans the banks look to the government? They know that the government is going to pay them, and the result might be that they would give loans to men which were not profitable in the sense they might feel that the man might not make a success of it but as far as they were concerned they would be going to get paid anyway. Then that means that it may not be a good loan.

The CHAIRMAN: That is exactly what we are up against if we go back with too many amendments that weaken the Act. The government is going to feel they are running a considerable risk already in passing the Act, and a considerable risk of loss of money. If the Act is weakened too much I can go back with a completely revamped Act but I ask you again to consider what you are doing when you ask me to go back to the cabinet with an Act that is changed very substantially. I am quite willing to do it, but I should like decisions to be made so that we can go back with your decisions as soon as possible.

Mr. BAKER: I understood the other day this was a piece of enabling legislation in order to enable these chaps to get their rehabilitation grant and to get money at 5 per cent which I know I should like to be able to do. Having been in business for many years, having worked in a partnership and so on, and having started at \$15 a week I have got a pretty good sense of the value of money. I think if you try to make it too easy for the veteran you are more liable to do him an injustice. He is less liable to feel then that he has something at stake. I am being quite honest. There is no question about it in my mind that if he fails the government is going to take the rap. I am thinking of certain types of cases. He is going to spend that money or get rid of it and the government will take the rap. He will not make a success of the business. I would say that we should take what we have got and see how it works and not try to spoil it by taking the chance of not having it put through. I was very interested in Mr. Isnor's remarks this morning. I myself think pretty much the same as he does about it. Being Nova Scotians possibly we have a good sense of the value of a dollar. I suggest we do not try to spoil the bill by putting too many things in it and losing it. It is enabling legislation, and I certainly hope that the veterans will get it.

Mr. CRUICKSHANK: In order to bring the matter to a head I should like to move as to section (j) that the security to be taken be confined to the real or personal property in respect of which all or part of the proceeds of the loan are to be expended.

The WITNESS: On that point I was trying to think of some of the cases where that might not be appropriate. I was thinking back to the amendment that was moved this morning in section 3(b) (3), "any purpose connected with the establishment or expansion of a business", or some such thing. You may be spending a good deal of money, for example, on the painting of a store and things like that. You cannot take security on the paint. You have to find something else there. Where we ran across it under the Farm Improvement Loans Act was where farmers went out to improve their farms by pulling up stumps, by draining, digging ditches, and so on. We could not take security on the ditches.

Mr. GREEN: No, but your wording is all property in respect of which all or part of the proceeds of the loan are to be expended. That would cover the painting case.

The WITNESS: We did not, however, want to take a mortgage necessarily on the farm in this case so we provided that the bank could take security on chattels which was much easier for the bank to do and much easier for the farmer to work with. He maybe did not want to mortgage his land in this case. You might be requiring a mortgage to be placed on the store, or something like that, whereas we might provide that security could be taken in some other fashion. That is why I warn the committee against tying the security too tightly to the particular expenditure.

Mr. MUTCH: As I understand it if this amendment passes things like new windows, new glass, floor coverings, shelving, which is affixed to the building, painting, new improved heating equipment, anything which becomes a part of the property, would be absolutely ruled out by any banker as the basis of a loan.

The WITNESS: It might be.

Mr. GREEN: Why so?

Mr. MUTCH: If it is restricted entirely to what the money is spent on. Those things are not salvageable. They are not redeemable in the case of a failure.

Mr. GREEN: That would be the best security the bank could get.

Mr. CRUICKSHANK: The veteran would lose his share.

Mr. MUTCH: You might think so, but if you have ever spent any money on somebody else's property and attempted in any way to redeem it your experience would be a little different unless you had a better lawyer than I had. That is my understanding of that amendment, and I should like to know if it is correct. I should think it would very greatly narrow the field of loans.

The WITNESS: The amendment means that the bank would have to be required to take a mortgage on real property. That is really what it means.

Mr. GREEN: Could be required.

The WITNESS: I do not think that is advisable here. I would strongly recommend against it.

The CHAIRMAN: We have an amendment. All those in favor of Mr. Cruickshank's amendment please raise their hands? Against? The amendment is lost. Shall the clause carry?

Carried.

Then we come to clause (k)

(k) The loan was made on such terms and in accordance with such conditions in addition to those specified in the preceding paragraphs as may be prescribed.

Shall (k) carry?

Carried.

Clause 4.

4. The Minister shall not be liable under this Act to make any payment to a bank in respect of loss sustained by it as a result of a loan under this Act (a) made more than five years after the commencement of this Act.

Mr. QUELCH: Explain why the time limit?

The WITNESS: The purpose is merely to provide for automatic reconsideration of the legislation.

By Mr. Quelch:

Q. Pardon?—A. It is to provide for automatic reconsideration of the legislation.

Mr. MUTCH: It must come up in five years.

Mr. WOODS: In this connection Colonel Hogan looked up for us this afternoon the legislation of other countries. The United States has within ten years. On the other hand, most of their loans under the G.I. Bill of Rights are expended on real property. Australia has, within five years. New Zealand has no limit. South Africa has no limit.

Mr. QUELCH: We have the Veterans' Land Act for a period of ten years. I wonder why it could not be for the same period as the Veterans' Land Act?

Mr. FULTON: Would there be any serious objection to making it ten?

The WITNESS: I think it would be unwise to make it ten. I think it is agreed that where you have a guarantee which is as large as this it is wise not to extend it too far into the future, that it is far better for parliament to have a look at this and if they intend to continue the Act to see what the experience has been under it. And yet you might not want to limit your guarantee. There are considerations like that to keep in mind.

Mr. CRUICKSHANK: It might take a man five years to learn a business. He might have to wait five years before he could take his benefit under the Act. Is it the intention that he should wait five years before he can benefit?

Mr. CROLL: No, it extends over a five year period.

Carried.

The CHAIRMAN: Subsection (b):—

- (b) made after a date and time not earlier than two weeks after despatch of a notice by the Minister to the head office of the bank by telegram or registered post, stating,
 - (i) that the aggregate principal amount of such loans made by all banks has reached twenty-five million dollars, or
 - (ii) that, the Governor in Council having approved, the making of new loans under this Act shall terminate, but the provisions of this section shall not relieve the Minister of any liability imposed on him under this Act in respect of a loan previously made by the bank.

Mr. GREEN: Does that mean that the Governor in Council can cut out these loans the day after?

Mr. SINCLAIR: No, he has to give two weeks notice to a bank.

Mr. GREEN: I think that should be made clear. It is very awkwardly worded there.

The WITNESS: Yes. I have no brief for the wording here. I think that ought to be looked into. Its purpose is to give the Governor in Council authority to terminate the Act, not that the Governor in Council has any intention of terminating the whole of the Act. I would say it is to protect against the position where some banks might be abusing privileges.

Mr. BROOKS: Do you not think that should be particularized against one bank?

Mr. CROLL: You cannot pick out any one bank.

Mr. BROOKS: I know, but why should they put it this way?

The WITNESS: It is to "a bank".

Mr. CRUICKSHANK: Which one would you limit that way?

The CHAIRMAN: Subject to re-draft in this respect may this be carried?

Mr. GREEN: The intention is that any one bank may be prevented from making further loans, or all the banks?

The WITNESS: I do not think there would be any reason for terminating the whole thing. I could not imagine circumstances that would require it. The real intention of this, and it is very hard to put it otherwise, is to give the Governor in Council power to step in in respect of a particular bank.

Mr. GREEN: Then you should say so.

The WITNESS: That is what it says.

Carried.

The CHAIRMAN: Clause 5:—

5. The Minister shall not be liable under this Act to pay to a bank a total amount in excess of twenty-five per centum of the aggregate principal amount of loans under this Act made by such bank up to and including one million dollars, plus fifteen per centum of such aggregate principal amount which exceeds one million dollars.

How is the minister going to determine how many of these loans are going to be passed? Is it to be subject to the Department of Finance?

The WITNESS: The banks will make a report to us periodically of the loans they have made. The only circumstances under which we examine into these loans is where there is a claim for loss under this guarantee. Under those circumstances we very carefully investigate the conditions under which the loan was made and determine whether it conforms with the terms and conditions of the Act.

Mr. McKAY: When you say "we" do you mean the finance department?

The WITNESS: The minister; and if he finds a loan is made under the terms and conditions which conform to the Act he would pay the loss.

By Mr. Green:

Q. Is that section wide enough to protect the government in a case where part of the money has been repaid? For example, the veteran has to pay 25 per cent of the aggregate principal amount of the loan under the Act. Suppose the bank has made loans and has had payment back of some amount?—A. No, this is intended as 25 per cent of the aggregate amount of loans made by that bank.

Q. Of the aggregate amount of losses?—A. No, not losses, loans. That is if they make \$1,000,000 loss, we will pay losses up to \$250,000.

Q. Even if half of those loans have been paid?—A. If only half have been paid we would only pay \$250,000 and the bank would pay the other \$250,000.

Mr. WOODS: They would only pay actual losses, in other words.

Mr. BROOKS: They might only pay 10 per cent or 5 per cent?

Mr. WOODS: That is right.

The WITNESS: It might happen that the banks had 250 loans for \$1,000 each all of which were a complete loss. We would pay the whole amount of those losses. If however there were 300 loans of \$1,000 each, we would pay \$250,000 and the bank would pay \$50,000.

Mr. SINCLAIR: That is not the point. The point is supposing the individual loans were a loss, that loans in default amounted to \$100,000 or say \$300,000; what part of that would you pay?

The WITNESS: Let me explain the circumstances in this way: when a loan goes into default they make every reasonable effort to collect. If they are unable to collect they come to us and say please pay up this loss. If it is within the limits of this guarantee we pay it. Then we may say to the bank we would like you to collect this on our behalf and whatever they collect for us is put into the consolidated revenue fund, so we may recover part of the money we pay by way of losses to the bank.

Mr. CROLL: Then it is not a loss. If you recover something how can they say that account No. A is a loss when you recover it subsequently?

The WITNESS: Well, we have had some experience with the home improvement loan losses quite recently. The banks had claimed against us, I think I said this morning for something like 2 per cent of the loans the bank had made. When we paid the lending institutions and they turned the loans over to us. We have had them on our books for some time. Because there has been some prosperity in the country we have been able to turn those accounts back to the lending institutions and ask them to collect, and we have recovered very large sums on our loan losses which the lending institutions and we had agreed were uncollectable loans.

Mr. CROLL: So that the debt as far as the soldier is concerned never dies?

The WITNESS: Well, I suppose it is something like that; yes.

Mr. CROLL: Then to-morrow the bank might come along and wipe them off their books and say the account is no good and you have to pay the loss, and ten years from now you might very well come back on him for it.

Mr. MUTCH: I doubt whether that is very wise. They in time expect the bank to assume the loss.

By Mr. Cockeram:

Q. At the end of each fiscal year, can the bank decide to write off the loans?—A. They make claims for their losses, as their losses are established. When they find a loan is in default, and they establish that fact to our satisfaction, we pay the loss.

Mr. KIDD: Suppose you lend money to a 50 per cent pensioner, who is getting, say, \$50 a month; would you take his pension as an asset?

Mr. MUTCH: It is not assignable.

Mr. KIDD: You could not do that. All right.

The CHAIRMAN: Does the section carry?

Carried.

By Mr. Green:

Q. When you say, "Plus 15 per centum of such aggregate principal amount which exceeds one million dollars," I take it that means you are only going to pay the bank 15 per cent of the loan over the one million dollars?—A. Suppose the bank makes a \$2,000,000 loan, we establish in effect a credit to that bank equal to \$250,000 on the first million dollars, plus \$150,000 in respect of the second million dollars, a total credit of \$400,000 with respect to the whole \$2,000,000.

By Mr. Croll:

Q. Is that done as soon as the loan is made?—A. As soon as the loan is made the credit is automatically established up to 25 per cent on the first million dollars, and on the second million dollars there is a 15 per cent credit, with respect to each loan up to the second million.

Mr. GREEN: Would it not be more clearly expressed if you said: to only 15 per cent of such aggregate principal amount as exceeds \$1,000,000?

Mr. MUTCH: The way it reads is a limit; it looks as though they were giving him 40 per cent of the second.

The CHAIRMAN: It is quite clear what is intended. The minister shall not be liable under this Act to pay to a bank a total amount in excess of 25 per centum of the aggregate principal amount of loans under this Act made by such bank up to and including \$1,000,000 plus 15 per centum of such aggregate principal amount which exceeds \$1,000,000.

Mr. COCKERAM: 15 and 25 are 40.

The CHAIRMAN: I can see now that the members realize the extent to which this Act will loosen up credit to soldiers.

Mr. MUTCH: I will take a chance on them paying 40. I suggest that it carries.

The CHAIRMAN: Does the section carry?

Carried.

By Mr. Sinclair:

Q. How much in arrears must a veteran be before the bank declares the loan to be in default?—A. That we reserve for regulation. I forget what we have done in connection with other Acts. We set a time limit. I have forgotten exactly what periods we take.

Q. Can you give it to us just roughly; is it six months or a year?—A. My memory is rather faulty about that to-night. I may think of it later. We certainly give a reasonable time. I think the rule we took was that where a loan was repayable in monthly instalments the man was not declared in default if he were a year in arrears; but if it were six monthly payments, then a year and so many months. I think that is the general rule that we followed.

By Mr. Quelch:

Q. If a veteran repays loans within one month, can he get a clearance on his goods purchased?—A. Yes.

Q. Quite similar to the Veterans' Land Act, even though he pays off the money loaned.—A. There is no subsidy involved; therefore the veteran gets a complete and free title.

The CHAIRMAN: If the borrower is in default in any payment for a period of greater than ninety days, the entire amount outstanding shall, upon the option of the bank, become due and payable. That is the provision of the Farm Improvement Loans Act.

The WITNESS: My memory was faulty. I thought there was a longer period. That is in the case, I think, of monthly instalments. If it is six months, then we allow a year.

By Mr. McKay:

Q. Does the bank set the interest rate on the arrears?—A. Within the limitation of the Bank Act. It is 6 per cent.

The CHAIRMAN: Does section 5 carry?

Carried.

Now, section 6:

(1) The Governor in Council may, on the recommendation of the Minister of Veterans Affairs and the Minister of Finance, make regulations,

(a) to prescribe a form of application for loans;

Does subsection (a) carry?

Carried.

(b) to prescribe the security, if any, to be taken by the bank for the repayment of any loan;

Does subsection (b) carry?

Carried.

(c) to prescribe the terms of repayment and other terms not inconsistent with this Act upon which said loans are to be made;

Does subsection (c) carry?

Carried.

- (d) to prescribe forms of notes and documents to be used in connection with loans or for the effective operation of this Act;

Does subsection (d) carry?

Carried.

- (e) to provide that in the event of an actual or impending default in the repayment of a loan, the bank may, notwithstanding anything contained in this Act, with the approval of the borrower alter or revise any of the terms of the loan or any document connected therewith, and that such alteration or revision shall not discharge the liability of the Minister in respect thereof;

Could you explain that, Mr. Sharp?

The WITNESS: You will notice that this is with the approval of the borrower. The bank cannot change the terms of the loan without the approval of the borrower. We did think it wise to permit the bank to give an extension of the loan or revise the terms from, say, monthly payments to six monthly payments, and so forth, without discharging the liability of the minister, that is, without altering the guaranteed nature of the obligation.

By Mr. Green:

Q. We have gone very far. You have given him that right not only in the event of an actual default, but in the event of an impending default. The way that paragraph is worded, the bank could demand a larger or a higher rate of interest, for example, than 5 per cent, and when the soldier is called in, he has not got very much come-back. He could, probably, be quite easily persuaded or cajoled into agreeing to new terms. I do not understand why that is necessary, when he is not actually in default. If he were in default, there might be some reason for it; but I wonder about the use of the words, "impending default".—A. In this case "impending default" indicates he is not technically in default, but the bank agrees to extend the loan or alter its terms. The bank would still be limited to 5 per cent interest.

Q. It says, "Notwithstanding anything contained in this Act." The bank can change the terms, no matter what is called for by the Act.—A. I do not think that alters the clause with respect to default. He has to be in default before you can charge anything more than this rate of interest.

Q. Then why do you put in these words: "Notwithstanding anything contained in this Act"? Those words completely over-ride everything else in the Act including the rate of interest.

The CHAIRMAN: That is in the Farm Improvement Loans Act, just exactly in those words. I suppose that is where they came from.

Mr. GREEN: Have you got 5 per cent in there?

The CHAIRMAN: Yes.

Mr. Mutch: It seems to me that the most frequent change would be an extension of time or a variation in the amount of payment for the convenience of the fellow who is on a spot. If that is the intention, there is no harm in it.

By Mr. Green:

Q. If that is the intention, then the powers given should not go any further.—A. I would like to take that under consideration. This was drafted very carefully in consultation with the Justice Department. Not being a lawyer myself I do not want to be too firm in my view. But if it had the effect that Mr. Green suggests, I think we should look at it very carefully.

Mr. Woods: I suppose that impending default means that if a lad realizes that he cannot meet his note next Saturday, he can go into the bank and tell

the banker, who will then be enabled to make new terms with him and, perhaps, extend it and so forth.

Mr. BROOKS: Such a lad would have to collect, say, from farmers and other people who, perhaps, may not have their money for two or three months; so the bank can make an arrangement with him.

The WITNESS: What worries me is Mr. Green's point that it might be possible in these circumstances for a bank to charge more than 5 per cent interest. That is not our intention.

Mr. MUTCH: That can be looked into and clarified.

The WITNESS: Yes.

Mr. MUTCH: They would have to make it to get that loan.

Mr. GREEN: He could extend it at 6 per cent.

Mr. MUTCH: I meant that as a question.

The CHAIRMAN: I think that could be covered by the words, "notwithstanding anything in this Act, but subject to section 3 (g)". That would make it that they could not charge more than 5 per cent; and that seems to me reasonable to make it clear. That will make it plain. Shall the amendment carry?

Carried.

- (f) to prescribe in the event of default in the repayment of a loan, the legal or other measures to be taken by the bank and the procedure to be followed for the collection of the amount of the loan outstanding, the disposal or realization of any security for the repayment thereof held by the said bank and the rate of interest to be charged on overdue payments;

Mr. HERRIDGE: Does that mean compound interest?

Mr. MUTCH: Could regulations permit the arrears to be collected at the rate of more than 6 per cent simple interest?

The CHAIRMAN: I do not suppose that would be regarded as giving power to override the Bank Act?

The WITNESS: No.

Carried.

The CHAIRMAN: Subsection (g)?

Carried.

Subsection (h)?

Carried.

Subsection (i)?

Carried.

Subsection (j)?

Carried.

Subparagraph (2):

(2) No regulation shall be effective until published in the *Canada Gazette* and thereafter it shall be effective and shall have the same force and effect as if it had been enacted in this Act.

Mr. GREEN: Is it to be tabled in the House?

Mr. MUTCH: It is published in the *Gazette*.

Mr. GREEN: Who ever reads the *Gazette*?

The WITNESS: The point there is that you would like copies tabled in the House of Commons?

Mr. GREEN: I think that regulations under any of this veterans' legislation should be tabled in the House. We never see the *Canada Gazette*.

The CHAIRMAN: There is no objection to that.

The WITNESS: Clause 11 is better, where the minister tables.

The CHAIRMAN: To provide that we table all regulations during the previous year. Shall it carry?

Carried.

Clause 7:

7. (1) Notwithstanding anything contained in The Bank Act or any other statute, if a bank makes a loan under this Act in respect of which it is required by regulation to take security on real or immovable property, the bank may at the time of making such loan take as security for the repayment thereof and the payment of interest thereon,

(a) a mortgage or hypothec upon the real or immovable property in respect of which all or part of the proceeds of the loan are to be expended;

(b) an assignment of the rights and interest of a purchaser under an agreement for sale of the real or immovable property in respect of which all or part of the proceeds of the loan are to be expended.

Mr. GREEN: Why did you force the banks to take that power?

The WITNESS: We felt that where a loan is made for the purchase of real property it is generally made for a long term, up to ten years, and we did not think it was prudent for the bank to make a loan like that even though it is protected by a government guarantee, unless appropriate security is taken. It is not likely that we will require the taking of security on real property except for very long loans. Under the Farm Improvement Loans Act we did not require the taking of security except for loans in excess of seven years.

Mr. GREEN: Who is going to have to do the foreclosing, the banks or the Department of Finance?

The WITNESS: The banks.

Carried.

The CHAIRMAN: Subsection (2)?

Carried.

Section 8 (1):

8. (1) Any person who makes a statement in an application for a loan under this Act which is false in any material respect, or who uses the proceeds of such loans for a purpose other than that stated in his application, shall be guilty of an offence under this section and liable to a fine of not more than five hundred dollars or to imprisonment for a term not exceeding six months or to both such fine and such imprisonment.

Mr. GUNN: I think the words "on summary conviction" ought to go in there somewhere. I suggest the appropriate place is after the word "liable" in the fifth line, so as to make sure it is not an indictable offence.

Mr. QUELCH: Has the civilian the same penalties if he makes a false statement?

The CHAIRMAN: Yes. That is copied from the Farm Improvement Loans Act. It is exactly the same: "Any person who makes a statement in an application for a guaranteed farm improvement loan which is false in any material respect or who uses the proceeds of such loan for a purpose other than that stated in his application, shall be guilty of an offence and liable to a fine of not less than \$25 and not more than \$500."

Mr. MUTCH: Where is the \$25?

The CHAIRMAN: Of course, the \$25 being left out is an advantage to the person.

Mr. QUELCH: They left the \$25 out.

Mr. SINCLAIR: What about imprisonment?

The CHAIRMAN: I do not know why this six months is put in.

Mr. CROLL: Let us take it out; it is too tough.

Mr. MUTCH: \$500 for a \$3,000 loan, and you still have some security recoverable; six months is too tough.

The CHAIRMAN: I am surprised that is in this Act and not in the Farm Improvement Loans Act.

The WITNESS: I think the reason is that Department of Veterans Affairs wanted it included rather than Department of Finance. They looked at it from the point of view of the veterans' legislation rather than from the financial side.

Mr. GUNN: There is the section in the War Service Grants Act relating to an offence of this kind. Section 23 provides that such person shall be guilty of an offence and liable on summary conviction to a fine not exceeding \$200 or imprisonment not exceeding three months or both such fine and such imprisonment. I suppose the six months' term was suggested on account of there being more money involved.

Mr. MUTCH: They jump the fine. In the case of this they will probably find that while there is still some recoverable security, or there might be, it is a little tough.

The CHAIRMAN: I do not think that our department would want to treat the veteran any worse than the civilian is treated under the Farm Improvement Loans Act. I think that is correct.

Mr. BROOKS: I do not think that making a statement in an application for a loan is a very serious matter. The serious part would be where he used the proceeds of such loan for purposes other than those stated in his application.

Mr. MUTCH: You put a fellow in jail for six months.

The CHAIRMAN: I think it is fair enough for us to recommend that it be the same as the Farm Improvement Loans Act.

Mr. MUTCH: In order to do that, if you just put in "on summary conviction" in line 43 after the word "liable". I would move that we do.

The CHAIRMAN: And strike out the words "or to imprisonment" and so on.

Mr. MUTCH: All the words after "dollars" in the 44th line.

The CHAIRMAN: Yes.

Mr. MUTCH: "Or to imprisonment" and so on.

The CHAIRMAN: Is that carried?

Mr. BROOKS: It is the amendment that is carried.

Mr. MUTCH: Carried as amended.

Mr. BROOKS: The section as amended by Mr. Mutch's suggestion.

The CHAIRMAN: Yes, carried as amended?

Carried.

Subsection (2):

(2) When any person is convicted of an offence under this section, there shall be imposed on him, in addition to any fine or imprisonment, a penalty equal to such amount of the loan made to him in respect of which such offence was committed as has not been repaid by him, with interest thereon to the date of payment of such penalty, and such penalty shall be paid to the bank by which the loan was made, or if payment has been made by the Minister to the said bank in respect of the loan, the said penalty shall be paid to the Receiver General of Canada and such payment to the bank or the Receiver General shall discharge the liability of such person to repay the loan.

Mr. Mutch: Now I know we were right to amend that.

The CHAIRMAN: That looks to be exactly the same except that it says here "repay such loan" and it says here "repay the loan."

Carried.

Section 9, (1), minister subrogated to the bank where payment made bank for loss sustained.

Carried.

Subsection (2), receipt evidence of payment by minister to bank.

Carried.

Section 10, payments on account of losses out of Consolidated Revenue Fund.

10. The Minister may pay any amount payable to a bank under this Act out of unappropriated moneys in the Consolidated Revenue Fund and the Minister and the Minister of Veterans Affairs may pay any amount necessary to meet the expenses incurred in the administration of this Act out of moneys appropriated by Parliament for the purpose.

Mr. GREEN: Where you have two ministers there, which department is going to be charged with this payment?

The CHAIRMAN: Minister is defined as the Minister of Finance in the bill.

Mr. GREEN: The Minister of Finance and the Minister of Veterans Affairs are mentioned here.

The WITNESS: The point there is that the Minister of Finance in the concept of the bill is responsible for relationships with the banks; the Minister of Veterans' Affairs for relationships with the veterans. Both ministers will have some administrative responsibility. The Minister of Finance will have to meet the losses. Therefore it is provided that the losses shall be met out of the unappropriated moneys in the Consolidated Revenue Fund. Both ministers on the other hand will have administration within their departments. The Minister of Finance will have records of all the loans made. The Minister of Veterans Affairs will have to have an officer who is charged with passing on the applications. So both ministers will apply for votes to meet the expenses of their departments in connection with the Act.

Mr. Mutch: It is straight administration.

By Mr. Green:

Q. But the costs of the Act will not be appropriated by parliament at all?—

A. Yes, they will. The expenses of administration will be; but the costs of meeting the losses will be paid under this Act out of the unappropriated money in the Consolidated Revenue Fund.

Q. Will they appear in the estimates each year?

The CHAIRMAN: Yes.

By Mr. Green:

Q. Where would they appear, under each department?—A. No.

Mr. Mutch: They will show what they spend.

The WITNESS: Yes. You have provision in this Act for meeting losses up to a stated amount. This Act in effect appropriates the money for that purpose; but there will appear in the estimates to be voted by parliament each year the cost of the administration of the Act.

By Mr. Green:

Q. Will there be anything in the estimates to show the amount that has been paid for losses each year and if so under which department will that show?—

A. Finance; that will appear in the public accounts but it will not be voted by parliament.

Q. Will it appear in the estimate book we get?—A. Yes.

The CHAIRMAN: Yes, the same as judges' salaries, for example.

Mr. GREEN: With a little "s" beside it to show it is statutory?

The CHAIRMAN: That is the idea.

Mr. MUTCH: You can look at it but you cannot do anything about it.

The CHAIRMAN: Shall the section carry?

Carried.

Section 11, annual report to parliament. That will read with the amendment:

The Minister shall annually prepare a report with respect to the administration of this Act during the preceding calendar year, and shall also table any regulations passed under the provisions of this Act, and such report shall thereupon be laid before parliament, together with all regulations passed under the provisions of this Act, or, if parliament is not then sitting, within fifteen days after the commencement of the next ensuing session thereof.

Shall that carry as amended?

Carried.

Section 12. Shall section 12 carry?

Carried.

Mr. Woods: Just before you finish with this Act I am a little worried about the amendment that the committee recently made to section 8 (1). I think the committee know we are not at all blood-thirsty in this matter but the position is a little different in procuring loans under this Act and procuring loans under the Farm Loans Improvement Act. A man would be rather diffident about procuring a loan on a farm and asking for a loan to improve it. In this case there is not the responsibility of a farm. We do know from administration of the war service grants and re-establishment credits that there are irresponsible people in this country who sometimes persuade a veteran to commit acts he should not, and sometimes of his own volition he does things he should not do. There is a penalty, fine and imprisonment in the War Service Grants Act. I should like to ask if the veteran has not got the money to pay the fine is he washed out then? Is he not punished?

The CHAIRMAN: There is provision in the Criminal Code if a person does not pay a fine in default he can get a penalty of imprisonment.

Mr. Woods: I would suggest the same penalty here as in the re-establishment credits. It has been very useful there to stop racketeering.

Mr. MUTCH: In moving that amendment I still think that six months is too tough, particularly in view of the fact that when a person makes a statement in the application he is simply caught at trying.

Mr. SINCLAIR: It does not say he will get six months.

Mr. MUTCH: He may.

Mr. GUNN: I think perhaps Mr. Mutch's objection could be overcome by inserting the word "knowingly". It would then read "Any person who knowingly makes a statement which is false", and so on.

Mr. QUELCH: That gets back to wilful again.

Mr. MUTCH: I am in the hands of the committee. I do not like the six months.

Mr. BROOKS: Try it out.

Mr. MUTCH: I would rather that you turned me down on that than on some of the other things.

Mr. SINCLAIR: The banks are checking up on that, too.

The CHAIRMAN: What I had in mind was that it would be hard for us to justify treating veterans under this Act in respect of a false statement any more harshly than we treated civilians under the Farm Loans Improvement Act. Have we a motion to report this bill?

Mr. SINCLAIR: I so move.

Carried.

The CHAIRMAN: We will meet tomorrow at 11 o'clock a.m.

The committee adjourned at 10.55 p.m. to meet again on Tuesday, July 9, 1946, at 11 o'clock a.m.

APPENDIX A

July 8, 1946.

Mr. W. A. TUCKER, M.P.,
Chairman,
Parliamentary Committee on Veterans Affairs,
House of Commons,
Ottawa.

DEAR MR. TUCKER.—At the Dominion Convention of the Canadian Legion held in Quebec City in May last, resolutions relating to the statutory preference for veterans in the Federal Civil Service were adopted. While these resolutions substantially reaffirm what we have already presented to the Committee, it seems appropriate that the most recent expression of opinion of the Convention should be placed in the record. The resolutions read as follows:—

31. Civil Service Preference

BE IT RESOLVED that we affirm the Vancouver Resolution that the Veterans' Preference be retained and applied to all Government positions, including temporary appointments made during the war period, and that a preference be provided to ex-service men and women who do not otherwise qualify by reason of pension or service in an actual theatre of war but who volunteered for Active Service and served honourably for a period of one year or more.

32. Preference for Merchant Marine

BE IT RESOLVED that we reaffirm the Vancouver Resolution that the Dominion Government be requested to grant preference in employment in the Civil Service of Canada to members of the Canadian Merchant Marine and all others who are not attested men but have served in a theatre of actual war during World War II or World War I.

43. Definition of "Theatre of War"

BE IT RESOLVED that the term "Theatre of War" be changed to read "on operational duties against the enemy", whether such personnel served in the Army, Navy, Air Force or Merchant Marine."

It will be noted that in the resolution respecting the preference the Convention reaffirms the proposal that the present statutory preference be retained and that also a preference be granted to men who voluntarily enlisted but who do not have Overseas Service to their credit.

With reference to the preference for Merchant Marine, it should be pointed out, that such a preference has been extended since the First Great War to the members of the Merchant Marine who served in a vessel flying the White Ensign. This definition is wholly inadequate and a more satisfactory definition should be adopted. The Legion suggests that the preference should be granted to any man who entered an agreement with the Directorate of Merchant Seamen to serve a definite period of time in the Merchant Marine or who served on a vessel that suffered attack by the enemy. We are particularly concerned for the young Canadians who entered the Merchant Marine for training and engaged to serve for the stated length of time. Their engagement bears some similarity to enlistment in the Armed Forces and large numbers of them entered the Service as their contribution to the War Effort and are now seeking rehabilitation in other lines of endeavour.

The resolution regarding the definition of "Theatre of War" suggests redefining the term "Overseas Active Service" in the Civil Service Act that would include a number of personnel that are not at present covered by that term. Efforts in this direction have been made by Order in Council P.C. 30/7500, December 1945, but some classes were omitted. Members of the Fleet Air Arm were not included with members of the R.C.A.F. who were required to fly outside of the Western Hemisphere. There are also members of both the R.C.A.F. and the Army who were required in the course of operational duties to serve outside of the Western Hemisphere who do not appear to be taken care of in the Order in Council.

Experience to date indicates that the adoption of the following recommendations would cover those members of the Forces who come within the established principle for recognition of service by a preference:—

- (a) That there be added immediately following the word "Forces" as it appears in the first line of paragraph (a) of P.C. 30/7500 the following words "And the Fleet Air Arm and Royal Canadian Navy".
- (b) That there be substituted the following:

Members of the Armed Forces who have been required in the course of operational duty to serve outside the Western Hemisphere.

(The suggested revision for clause (b) would provide a preference to those members in the Navy, Army and Air Force who have been required in the course of operational duty to serve outside the Western Hemisphere, although posted to and on the strength of a unit on a Canadian Establishment on Canadian soil. i.e., Radar Mechanics (Air), Naval personnel as Gunners and the members of the Army on liaison or other duty whilst at sea with convoys, on a ship other than a sea-going ship of war.)

Yours sincerely,

J. C. G. HERWIG,
General Secretary.

JCGH:CM

ORDER IN COUNCIL *RE* ENTITLEMENT TO THE "VETERANS' PREFERENCE" IN APPOINTMENTS TO THE PUBLIC SERVICE

P.C. 30/7500

*Certified to be a true copy of a minute of a meeting of the Treasury Board approved by His Excellency the Governor General in Council on
29th December, 1945*

The Board recommend that, under authority of the War Measures Act and in connection with the provisions of Section 29(4) of the Civil Service Act and Order in Council of November 1, 1941, P.C. 8541½, as amended, the words "on active service overseas in the military forces" shall be held to include, in so far as veterans of the present war are concerned—

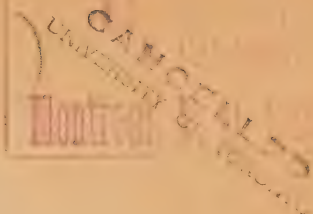
- A. Those members of the Royal Canadian Air Force who have been required in the course of operational duties to fly outside the territorial waters of the Western Hemisphere, not, however, including (1) passengers or (2) persons receiving a limited period of training.

B. Members of the Canadian Army who have served outside the Western Hemisphere.

The Board further recommend that entitlement to the veterans' preference be extended to include members of the Royal Canadian Navy who have served on the high seas in a ship or other vessel, service in which is classed as "sea time" for the purpose of advancement of naval ratings, or which would be so classed were the ship or other vessel in the service of the Naval Forces of Canada.

A. D. P. HEENEY,
Clerk of the Privy Council.

SESSION 1946
HOUSE OF COMMONS



(SPECIAL COMMITTEE)

(ON)

(VETERANS AFFAIRS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 43

TUESDAY, JULY 9, 1946

WITNESSES:

Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. Charles Van Norman.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



REPORTS TO THE HOUSE

TUESDAY, July 9, 1946.

The Special Committee on Veterans Affairs begs leave to submit the following
as a

FIFTEENTH REPORT

Your Committee recommends that the Government consider the advisability of introducing a bill respecting loans to veterans to assist their establishment in business or professionally. A draft of the bill proposed by your Committee is appended hereto.

Your Committee further recommends that assistance, similar to that recommended for veterans, also be made available to former members of the Merchant Marine.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL

AN ACT RESPECTING LOANS TO VETERANS TO ASSIST IN THEIR ESTABLISHMENT IN BUSINESS OR PROFESSIONALLY.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as *The Veterans' Business and Professional Loans Act*.
2. In this Act, unless the context otherwise requires,
 - (a) "bank" means a bank incorporated by or under the provision of *The Bank Act*;
 - (b) "business" includes trade, industry or profession;
 - (c) "Minister" means Minister of Finance;
 - (d) "prescribed" means prescribed by regulation;
 - (e) "purchase of a business" includes the purchase of an interest in an existing business and the advance of capital for a new business, if the business is to be the main occupation of the veteran and he intends to participate actively in that business;
 - (f) "regulations" means regulations made under this Act;
 - (g) "veteran" means a person resident and domiciled in Canada who has received or is entitled to a gratuity under *The War Service Grants Act, 1944*, and who has not elected to take benefits under *The Veterans' Land Act, 1942*.
3. The Minister shall, subject to the provisions of this Act, pay to a bank the amount of loss sustained by it as a result of a loan made to a veteran if
 - (a) the loan was made pursuant to an application in the form prescribed, signed by the veteran and stating the purpose for which the proceeds of the loan were to be used;
 - (b) the application stated that the loan was required by the veteran for one or more of the following purposes:
 - (i) the purchase or repair of tools, instruments or equipment for his business;
 - (ii) the purchase of a business;
 - (iii) any purpose connected with the establishment or expansion of his business as may be prescribed;
 - (c) a responsible officer of the bank certified that he had scrutinized and checked the application for the loan with the care required of him by the bank in the conduct of its ordinary business;
 - (d) the principal amount of the loan, together with the amount of any loan previously applied for by the veteran and concurred in under this Act and disclosed in his application, or of which the bank had knowledge, did not exceed the sum of three thousand dollars;
 - (e) the amount of the loan did not exceed two-thirds of the proposed total expenditure by the veteran for the purpose stated in the application;
 - (f) the loan was repayable in full by the terms thereof in not more than ten years;

- (g) the rate of interest on the loan did not exceed five per centum per annum simple interest so long as the veteran was not in default;
- (h) no fee, service charge, or charge of any kind other than interest, except such charge for insurance as may be authorized by the regulations, was, by the terms of the loan, payable to the bank in respect of the loan so long as the veteran was not in default;
- (i) the application for the loan was concurred in by or on behalf of the Minister of Veterans Affairs before the loan was made and such concurrence shall be conclusive evidence that the applicant for the loan is a veteran;
- (j) repayment of the loan was secured in such manner as may be prescribed; and
- (k) the loan was made on such terms and in accordance with such conditions in addition to those specified in the preceding paragraphs as may be prescribed.

4. The minister shall not be liable under this Act to make any payment to a bank in respect of loss sustained by it as a result of a loan under this Act

- (a) made more than five years after the commencement of this Act; or
- (b) made after a date and time not earlier than two weeks after despatch of a notice by the Minister to the head office of the bank by telegram or registered post, stating,
 - (i) that the aggregate principal amount of such loans made by all banks has reached twenty-five million dollars, or
 - (ii) that, the Governor in Council having approved, the making of new loans under this Act shall terminate,

but the provisions of this section shall not relieve the Minister of any liability imposed on him under this Act in respect of a loan previously made by the bank.

5. The Minister shall not be liable under this Act to pay to a bank a total amount in excess of twenty-five per centum of the aggregate principal amount of loans under this Act made by such bank up to and including one million dollars, plus fifteen per centum of such aggregate principal amount which exceeds one million dollars.

6. (1) The Governor in Council may, on the recommendation of the Minister of Veterans Affairs and the Minister of Finance, make regulations,

- (a) to prescribe a form of application for loans;
- (b) to prescribe the security if any, to be taken by the bank for the repayment of any loan;
- (c) to prescribe the terms of repayment and other terms not inconsistent with this Act upon which said loans are to be made;
- (d) to prescribe forms of notes and documents to be used in connection with loans or for the effective operation of this Act;
- (e) to provide that in the event of an actual or impending default in the repayment of a loan, the bank may, notwithstanding anything contained in this Act (but subject to paragraph (g) of clause three) with the approval of the borrower alter or revise any of the terms of the loan or any document connected therewith, and that such alteration or revision shall not discharge the liability of the Minister in respect thereof;
- (f) to prescribe in the event of default in the repayment of a loan, the legal or other measures to be taken by the bank and the procedure to be

followed for the collection of the amount of the loan outstanding, the disposal or realization of any security for the repayment thereof held by the said bank and the rate of interest to be charged on overdue payments;

- (g) to prescribe the method of determination of the amount of loss sustained by a bank as a result of a loan and the procedure to be followed by a bank in making a claim for loss sustained by it in respect of a loan made under this Act;
- (h) to prescribe the steps to be taken by a bank to effect collection on behalf of the Minister of any loan in respect of which payment has been made by the Minister to the bank under this Act, and to provide that on failure by the said bank to take such steps the amount of such payment may be recovered by the Minister;
- (i) to require reports to be made periodically to the Minister by a bank in respect of loans made by it under this Act;
- (j) to make provision for any other matter deemed advisable or necessary to carry out the purposes of this Act.

(2) No regulation shall be effective until published in the *Canada Gazette* and thereafter it shall be effective and shall have the same force and effect as if it had been enacted in this Act.

7. (1) Notwithstanding anything contained in *The Bank Act* or any other statute, if a bank makes a loan under this Act in respect of which it is required by regulation to take security on real or immovable property, the bank may at the time of making such loan take as security for the repayment thereof and the payment of interest thereon,

- (a) a mortgage or hypothec upon the real or immovable property in respect of which all or part of the proceeds of the loan are to be expended;
- (b) an assignment of the rights and interest of a purchaser under an agreement for sale of the real or immovable property in respect of which all or part of the proceeds of the loan are to be expended.

(2) A bank shall have and may exercise, in respect of any mortgage, hypothec or assignment taken under this section and the real or immovable property affected thereby, all rights and powers which it would have or might exercise if such mortgage, hypothec or assignment had been taken by the bank by way of additional security under *The Bank Act*.

8. (1) Any person who makes a statement in an application for a loan under this Act which is false in any material respect, or who uses the proceeds of such loans for a purpose other than that stated in his application, shall be guilty of an offence under this section and liable on summary conviction to a fine of not more than five hundred dollars.

(2) When any person is convicted of an offence under this section, there shall be imposed on him, in addition to any fine or imprisonment, a penalty equal to such amount of the loan made to him in respect of which such offence was committed as has not been repaid by him, with interest thereon to the date of payment of such penalty, and such penalty shall be paid to the bank by which the loan was made, or if payment has been made by the Minister to the said bank in respect of the loan, the said penalty shall be paid to the Receiver General of Canada and such payment to the bank or the Receiver General shall discharge the liability of such person to repay the loan.

9. (1) Where payment is made by the Minister to a bank under this Act in respect of any loss sustained by the bank as a result of a loan under

this Act, the bank shall execute a receipt in favour of the Minister in such form as may be prescribed, and the Minister shall thereupon be subrogated in and to all rights of the bank in respect of such loan and, without limiting the generality of the foregoing, all rights and powers of the bank in respect of the loan, and in respect of any judgment in respect thereof obtained by the bank, and in respect of any security taken by the bank for the repayment thereof, shall thereupon be vested in the Minister on behalf of His Majesty, and the Minister shall be entitled to exercise all the rights, powers and privileges which the bank had or might exercise in respect of such loan, judgment or security, and to commence or continue any action or proceeding in respect thereof, and to execute any documents necessary by way of release, transfer, sale or assignment thereof, or in any way to realize thereon.

(2) Any document purporting to be a receipt in the prescribed form and purporting to be signed on behalf of the bank shall be evidence of the payment by the Minister to the bank under this Act in respect of the loan therein mentioned and of the execution of such document on behalf of the bank.

10. The Minister may pay any amount payable to a bank under this Act out of unappropriated moneys in the Consolidated Revenue Fund and the Minister and the Minister of Veterans Affairs may pay any amount necessary to meet the expenses incurred in the administration of this Act out of moneys appropriated by Parliament for the purpose.

11. The Minister shall annually prepare a report with respect to the administration of this Act during the preceding calendar year, and such report shall thereupon be laid before Parliament, or together with all regulations passed under the provisions of this Act, or, if Parliament is not then sitting, within fifteen days after the commencement of the next ensuing session thereof.

12. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

TUESDAY, July 9, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

SIXTEENTH REPORT

Your Committee recommends that the Government consider the advisability of introducing a bill respecting veterans of Forces allied with Canada. A draft of the bill proposed by your Committee is appended hereto.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL

An Act respecting Veterans of Forces Allied with Canada.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as *The Allied Veterans Benefits Act*.

2. In this Act, unless the context otherwise requires,

- (a) "allied veteran" means a person who, subsequent to the tenth day of September, 1939, served in the armed forces of any of the nations allied with His Majesty in active operations against the enemy in the war and who, at the time he joined any such forces, was domiciled in Canada;
- (b) "enemy" means Germany and Japan and the other nations associated with those nations in the war;
- (c) "Minister" means the Minister of Veterans Affairs;
- (d) "war" means the war which commenced on the tenth day of September, 1939.

3. Subject to the provisions of this Act, every allied veteran who within two years from the date of his discharge from service or the eighth day of May, 1945, whichever is the later, is domiciled and resident in Canada shall be deemed to have served in the forces of His Majesty other than Canadian forces, for the purposes of *The Veterans Rehabilitation Act*, *The Veterans' Land Act*, 1942, and *The Department of Veterans Affairs Act*, and by reason of such service entitled to all rights, privileges and benefits thereunder, subject to such conditions as are in the said statutes contained.

4. Subject to the provisions of this Act, every allied veteran who, within two years from the date of his discharge from service or the eighth day of May, 1945, whichever is the later, is domiciled and resident in Canada or who dies on service shall be deemed to have served in the forces of His Majesty other than those raised in Canada for the purposes of *The War Service Grants Act*, 1944, and by reason of such service, entitled to all rights, privileges and benefits thereunder, subject to all conditions contained in said statute except those contained in section four and subsection three of section seventeen thereof.

5. (1) Where an allied veteran, after establishing domicile in Canada within two years from the date of his discharge or the eighth day of May, 1945, whichever is the later, dies before he has received in full the rights, privileges and benefits to which he may have been entitled under *The War Service Grants Act*, 1944, and leaves a widow, such widow, if resident in Canada and being maintained by the veteran at the time of his death, shall, if she has not remarried and subject to the provisions of the said Act, be entitled to receive such rights, privileges and benefits or such remaining part of them as the allied veteran did not receive.

(2) Where an allied veteran dies on service leaving a widow who was married to him at the time he joined the said forces, and if such widow has not remarried, and if she was domiciled and resident in Canada at a time within two years from his death or the eighth day of May, 1945, whichever is the later, and is so domiciled and resident at the time of her application, such widow shall be entitled to receive the rights, privileges and benefits under Part I of *The War Service Grants Act*, 1944, to which the allied veteran would have been entitled at the time of his death.

(3) Where no person qualifies under the two immediately preceding subsections of this section to receive the rights, privileges and benefits to which the deceased veteran was in his lifetime entitled and such veteran leaves a mother resident in Canada who, in the opinion of the Minister or such person as the Minister may designate, was wholly dependent on the veteran immediately prior to his death, such mother shall be entitled to such rights, privileges and benefits or such remaining part of them as the allied veteran did not receive.

(4) Where a widow or a mother eligible to receive the rights, privileges and benefits in respect of any veteran pursuant to this section dies before receiving such rights, privileges and benefits, those rights, privileges and benefits or such of them as have not been granted or paid shall not pass to the heirs of the widow or the mother, as the case may be, but shall on the death of the person so eligible cease to exist.

6. Where rights, privileges and benefits of the same nature as are in this Act provided are available at the time of application to or in respect of any allied veteran domiciled in Canada, from the government of a nation with whose armed forces the veteran served, the Minister shall deduct the value of such rights, privileges and benefits from those available to the veteran under this Act, unless arrangements have been made with the said government for reimbursement to Canada of the cost, exclusive of administrative costs, of providing to such allied veteran, his widow or mother, the rights, privileges and benefits available to or in respect of him from said government and such arrangements have been approved by the Governor in Council.

7 (1) The Minister may make arrangements with the government of a nation with whose armed forces any allied veteran served to ensure, so far as possible, reciprocal treatment by such nation to former members of His Majesty's Canadian forces resident within the territories of such nation.

(2) The Minister may make arrangements with the government of a nation with whose armed forces any allied veteran served whereby the administrative facilities of the Department of Veterans Affairs or of any other agency under the administrative authority of the Minister, may be made available without cost to such government in carrying out any plans of such government for the rehabilitation of any allied veteran.

8. The Governor in Council may make such rules and regulations as may be necessary or advisable to give effect to the provisions of this Act.

9. Order in Council P.C. 7516 of the 22nd day of January, 1946, is revoked.

10. This Act shall be deemed to have come into force on the twenty-second day of January, 1946.

MINUTES OF PROCEEDINGS

TUESDAY, July 9, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Archibald, Ashby, Baker, Belzile, Benidickson, Blair, Brooks, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Drope, Emmerson, Fulton, Gauthier (*Portneuf*), Green, Harris (*Grey-Bruce*), Herridge, Jutras, Kidd, Langlois, Lapointe, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Mutch, Pearkes, Qulech, Ross (*Souris*), Sinclair (*Vancouver N.*), Tremblay, Tucker, White (*Hastings-Peterborough*), Winters, Wright.

In attendance: Mr. W. S. Woods, Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. Charles Van Norman.

Mr. Van Norman was called, heard, questioned and retired.

The Committee proceeded to reconsideration of the draft of a proposed bill respecting veterans of forces allied with Canada.

Mr. Woods was recalled, heard and questioned.

Mr. Baker moved that clause three be amended by the deletion of the words *and who is a British subject* following the word *Canada* in line four thereof and the substitution therefor of the words *who has declared by affidavit his intention to file an application to become a British subject*; and that clause four be amended by the deletion of the words *is a British subject* following the word *who* in the second line thereof and the substitution therefor of the words *who has declared by affidavit his intention to file an application to become a British subject*.

Mr. Winters moved in amendment that clause three be amended by the deletion of the words *and who is a British subject* following the word *Canada* in line four thereof; and that clause four be amended by the deletion of the words *is a British subject* following the word *who* in the second line thereof, and by the deletion of the words *and every allied veteran* following the word *Canada* in line four and the substitution therefor of the word *or*.

After discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

The draft bill was further amended by the addition of the following as clause 10:—

10. This Act shall be deemed to have come into force on the twenty-second day of January, 1946.

The draft bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

At 1.00 o'clock p.m., the Committee adjourned until Thursday, July 11, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 9, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: As decided in the committee, our first order of business this morning is to hear Mr. Van Norman, architect, who drew the designs for some of our Veterans' Land Act houses and who has been advising the British government in regard to housing over in Great Britain. It was the desire of the committee to hear from him shortly along the lines of some of his experience that he thought might be helpful to the committee. I will ask Mr. Van Norman to come forward. You can either sit or stand, whichever you like.

Mr. GREEN: Is Mr. Murchison here?

The CHAIRMAN: Mr. Murchison is away on his vacation. Would you prefer to sit or stand, Mr. Van Norman? You can do whichever you like.

Mr. VAN NORMAN: I may stand or I may sit, Mr. Chairman.

Mr. HERRIDGE: Pardon me for interruption at this point, Mr. Chairman, but I think it would be very opportune if Mr. Van Norman gave the committee an outline of his professional experience and the work he has been doing in the past before going into his recommendations.

Mr. C. Van Norman, called.

The WITNESS: Mr. Chairman and members of the Veterans Affairs Committee, I am glad to be here if I can be of some assistance to you by my experience in housing. I graduated from Manitoba University back in 1928 in architecture and have been in Vancouver since 1929. I opened an office there in 1931. I have been practising architecture ever since. Like all young college graduates who start out, you get your teeth into some houses. You are very fortunate to do that, and I seem to have gained a reputation for house work which has led me to become a consultant on many large housing schemes. I was the first architect appointed by your Veterans Affairs Department to get out some designs for these small holdings. Then as the housing situation grew more acute in the world in various countries, whether they were affected by the war blitz or not, there seemed to be a lot of information required as to the use of timber for housing by various other governments, as a result of the shortage of material and one thing and another that had developed. It was through the Department of Trade and Commerce in London and the department in Glasgow, where the Ministry of Works were seeking information on the utilization of Canadian timber and housing, that they had asked the Department of Trade and Commerce here if they would have somebody go over from Canada as a consultant and who knew the integration housing with timber. So I went to Great Britain in 1944 and spent some 3 months there with the housing authorities reviewing their housing set-up and going into their post-war housing schemes, and developed a type of timber houses that would suit the British authorities for their permanent housing policy. It was in that connection that they invited me back again to send over some of these houses, which I did and had them erected in Burton, for the Rural District Council, in Derbyshire.

From then on they have passed the dollar exchange for several hundreds more forming the supply in that area.

It is pretty difficult for a man to get up here and talk about himself. I should like to say that we in Canada, the professional men, really have not had the broad opportunity that they have abroad to associate ourselves with subsidized housing or mass housing schemes. That has been something that has developed recently.

Before I go on I should like to say that I was a member of the James Committee on the panel of housing and community planning for two or three years. Possibly some of you have read parts of the report. I do not know if you would like to hear something about the British housing policy, and how that is controlled—it is a very interesting set-up—or whether it would be building techniques that you would like to hear something about. I should like to cover both of those subjects in a short space of time, but the subject is very broad and I imagine there are many questions that are in your minds that you would like to ask about. I do not know, Mr. Chairman, whether you would like me to carry on or whether you would like to ask questions.

The CHAIRMAN: I think what the committee would be most interested in is how you found Great Britain was meeting the problem of rising costs of construction and keeping the costs of houses from getting out of line with what people were able to pay in rent. That is, I think, the problem that is facing all building authorities all over the world—to keep the cost of shelter down considering the rising cost of construction.

The WITNESS: That is fine, Mr. Chairman. I do not believe that there is a country in the world where the architects and engineers have developed better house-building technique than they have in Britain. Yes, when you compare the standard of their housing with the amenities that we have, I think our Canadian houses are a little better from the housekeeping point of view. But from the strictly engineering point of view of building and structural frames, economically Britain has progressed further in that field, I believe, than either the United States or Canada.

Housing is controlled in Britain in a very simple manner. The Ministry of Health in England is the parent body through which all housing is cleared. During the war the Ministry of Works took over temporary housing and the policy of permanent housing from the Ministry of Health, but the Ministry of Health are now back controlling the permanent housing schemes. In Scotland it is the Department of Health that is responsible for their housing, which answers directly to the Ministry of Health in London. The country is divided up, or all the rest of the land is divided up into local housing authorities which come under the district clerk of the Grand Council of Architects. Britain's housing policy and her type of house vary greatly from ours. You can understand that, with limited agricultural land and with the concentration of industries, she cannot afford to give every house a 75 foot frontage or $1\frac{1}{2}$ acres or $\frac{1}{2}$ an acre of land. She must concentrate her housing in the housing schemes so that she leaves as much land for food production as possible, and the housing therefore develops in row housing, and in the rural areas into semi-detached housing. The Ministry of Health have a very definite standard of housing for all the builders, pre-fabricators and everyone who is interested in housing. They must build houses within those limits. There is also a ceiling price on houses amounting to £1,150 and sometimes it goes to £1,200. But the local housing authority cannot afford to have houses in their communities that cost more than that; so they have the ceiling prices on houses which really force the technical people and the builders to try to meet that ceiling price. Of course, there is no ceiling on private houses for sale, but they have stopped the building of private houses until the council houses or until their housing scheme is well under way. The houses are

allocated to the various housing authorities. In about 30 per cent of the instances the housing authorities themselves build their own houses in England. Up in Scotland about 70 per cent of the houses are built by their own local authorities, so the contractors and pre-fabricators have to sell their products to the local authority which they in turn erect.

Before the war these typical rural workmen's houses were costing £450, £500 and up to £750. To-day there is no pre-fabricated type of house or any ordinary brick house that costs anywhere near that price. But they all come within the range of £1,150 to £1,200. That does not include the land value but it does include the roads and services, the electrical services, sewers, etc. The housing authorities rent these houses at very nominal rents, depending upon the income groups of the people, and the rest of the money is made up through grants from the ministry. That, briefly, is how housing is controlled in England.

I might say something about housing techniques. They are building houses there from pre-cast concrete, from steel, and from timber. They have recently brought in 4,000 timber houses from Sweden which they will use in their rural areas. Through their housing being concentrated in these various areas, through them having to conserve their land, there is a similarity about the British housing schemes. With the semi-detached house it is very hard to get variety. But they are paying a great deal of attention to the subdivision of these homes and the way they are situated on the land and the planning, and their developments are going to be very creditable in the following years. They are trying to eliminate, and have to a great extent eliminated, the builder type of house which so often takes the minimum standard set by the government as the maximum standard. There is quite a competition between the steel industry and the brick industry to get their houses built, and therefore they are paying a great deal more attention to design. I should say that the factory-made houses in Britain are better designed and are a better house for renting than the ordinary site-built house. That is very obvious when those houses are inspected. I mentioned something about—well I had better not get on that subject, if you asked me to stick to the British housing situation.

Mr. SINCLAIR: We should like to know about building technique because the great thing in this country is cutting down the cost of building these houses. What we are most interested in here, I think, is how the cost can be cut down. You talk about factory-built houses. They have not been satisfactory yet in Canada. Then there is the matter you called dimensional co-ordination, as far as mass produced houses are concerned. That is the very thing you have mentioned now, how you can get the most satisfactory houses at the lowest cost for the veterans. I think that is what most of the committee are interested in.

By Mr. Ross:

Q. Would you cover this point as to the size and number of rooms in those council unit houses you spoke of, Mr. Van Norman?—A. The houses are basementless houses of 500 square feet on the ground floor, 500 square feet on the top floor. That is the maximum area that is allowed to go into a house in Britain to-day. The houses must have 3 bedrooms and a bathroom. The areas of the rooms are 150 square feet, 120 square feet and, say, 90 square feet. It must have a living room and a dining room, either combined or separate. The area of those rooms must be 220 square feet combined. The kitchen must be approximately 80 square feet, and the usual offices in connection with the rest of the house. But 1,000 square feet is the maximum and 900 is the minimum of living enclosed area.

By Mr. Cruickshank:

Q. Are all the houses of same design or do they vary?—A. When the technical people work under these standards that they have, they have north

aspect houses and south aspect houses and they usually take pretty much the same form of plan. I should imagine there would be hardly a dozen different layouts.

Q. What I mean is this. Does the exterior look like a regular mining town, or do they try to vary it?—A. Well, it is rather hard to explain the housing situation.

Q. What I mean is this. You know the average mining town is something like the Veterans' Land Act houses are in our district. The exterior of all the houses is the same. There is uniformity outside?—A. Yes. Well, the British Institute of Steel Fabrication, for instance, are making 20,000 steel houses. The exteriors of those houses vary a little but they are well designed houses and the way they will be grouped on the land will make a pleasant housing development. But when you have so many millions of people there, you cannot really compare their housing scheme with ours, because it is so concentrated there that they mix up steel houses, brick houses and different houses.

Q. What do you mean by steel houses? I do not know what you mean by that.—A. Steel studding, steel roof joists and roof trusses and that sort of thing.

By Mr. Ross:

Q. May I ask if those houses are mostly one or two storey houses?—A. They are all two storey houses.

MR. WRIGHT: Would you say the pre-fabricated houses used in England would be satisfactory in the more vigorous climate here in Ontario or the prairie provinces?

Hon. Mr. MACKENZIE: Louder, please.

By Mr. Wright:

Q. Would you say that the pre-fabricated houses used in England would be satisfactory in the more vigorous climate here in Ontario or the prairie provinces?—A. That word "pre-fabrication", sir, I think in the mind of the average person is something that is very confused. There is no reason why the pre-fabricated house or the factory-built house cannot be just as good as and possibly better than the site-built house. After all, a wall section that has a cavity wall—this pre-fabricated steel house will last indefinitely; and so far as the pre-fabricated wooden house that I have sent to Britain is concerned, they look on that as a 75 year structure. It is only a question of the kind of insulation or the amount of material you put in that wall section whether it is suitable for California or whether it is suitable for Ontario or the middle west. The only possible direct approach to lowering housing costs is, first, by the most economical use of the material at hand. You cannot just take the material and figure you are going to use that economically unless you design your structures to use that material economically. Technical people have been studying these housing costs. What is good for the pre-fabrication industry is good for the construction industry. A pre-fabricating plant with a fixed overhead of plant, equipment, taxes and insurance, and the accompanying staff is competing against the builder without a large plant and those builders, numbers of them in Canada, can make a connection in timber pretty economically with a 2 by 4 vertical and 1 horizontal and 2 or 3 studdings and he has got his connection made, whereas the pre-fabricator has got to watch that he is not swept away too far by his technicians, by over-engineering his building, to a point where he has got maybe a very fine system but analyzing his costs and fixed charges he cannot compete against that chap who has possibly his investment in his overalls, his hammer and his toolkit. It has been found that the one thing that pre-fabrication has done is, it has cut the time lag in

building, but it necessarily has not cut the cost appreciably. You can reduce the amount of material in a structure only so far if it is still going to be a good rigid structure; but if you take the amount of timber in an ordinarily constructed house and you re-engineer that into plywood and various panels where skin stresses would go into play, the manufacturing cost of those things would be in excess of what the timber or material would be in its original form. I have spent 6 or 7 years of research on this problem and many hours and thousands of dollars travelling and going through the various plants in the United States and in Britain, and the limited ones we have in Canada. The pre-fabricating industry is doing one good thing; it is teaching and encouraging the technical people to think in terms of conservation of material. The average builder who was going out to build a few houses on a speculative basis or for his client, just depending on what his price was, did not mind whether he wasted a few feet of lumber or so and so; but when we are sitting here discussing housing in the volume that we are, the matter of \$10 or \$15 a house—if you save a door and door frame and a door knob—means a great deal to these housing developments.

By Mr. Sinclair:

Q. On that point, would you say in Canada that building on the site is still cheaper than pre-fabrication in view of the great distances and the cost of freight?—A. If I were pre-fabricating in eastern Canada, I should likely develop a different set-up than what I have developed for the west coast, because it is still necessary from a production point of view—for the basic market you are going to have, if you want to sell to individuals, and the few jobs here and there, the 5- and 6-house development—that you have a type of pre-fabricating that ships easily, that is reduced to a 2- or 3-man unit for handling and that sort of thing. The factory-built houses, some of them that are built here, are built in large units. You must have good roads, you must have good transportation facilities, and it would not be very economical to ship those in our urban developments in Canada 3,000 miles away from one territory to another, or not the same as it would be on a pre-fabrication system design where the component parts were much smaller and could be packaged more like lumber where you are cutting out the waste space on panels. In our offshore shipping to the United Kingdom we have to get the weight for the ships. We have to get the tonnage up. They do not want to ship air space. They want weight. So all of these things have an influence on the type of pre-fabrication for the market that you are serving. But basically, the technical problem behind a factory-built house for Ontario or a house in B.C. or one in the eastern states is the economical use of material which means the use of dimensional co-ordination. If you want a definition of that term—you may know what it is—it is the taking and laying out of your plans. We did this in the houses that we did for the Veterans' Land Act and laid all the plans out on a basis so that if anyone wanted to pre-fabricate those houses, there would be the basic system there of planning so that the wall boards that came from the factory, if they were cut in two or cut in four, those pieces would fit in a position where you were not cutting the wall board, a piece to be 2 feet 6 inches, where you had a waste of 1 foot 6 inches.

By Mr. Brooks:

Q. How does the cost of labour and the cost of material in England compare with the cost in Canada?—A. The cost of labour there is a little lower, maybe 2/6 an hour for semi-skilled men; but although the cost of labour is less, the amount of work they get out is less, so I think the labour is just as expensive in the long run.

By Mr. Emmerson:

Q. Mr. Van Norman, you mentioned the ceiling between £1,100 and £1,200 per house. Is that house with or without a basement or cellar?—A. That is without a basement. They do not have basements in their houses there. I think one good thing that we could learn in this country from Britain is that they do have a good control over their planning. They have gathered together, naturally over a period of years, people that think in terms of mass housing and they have a set of by-laws and rules for any of the private enterprises who are going to do housing that afford a key, a guide for the planning of small houses. In this country of ours where we have been building our own houses, in the average architect's office they have not got the time nor have they the money to spend on research on small housing, because small housing is not just a large house reduced in size. The approach to design of a small house is absolutely different; the utilization of the space is different from what it is in a larger house. If you are going to get housing costs down and develop good contemporary housing in the minimum space, the floor areas must be put to dual use in many instances. But they found that 1,000 square feet gives a nice relaxed minimum, if I might put it that way, for a housing unit, and that as to the 850 square feet to 760 square feet that they used to have, those units were a little bit too small.

By Mr. Sinclair:

Q. While you are talking about planning now, does the central government set up building by-laws as well? Because in this country, for example, here on the Prescott highway, the Veterans' Land Act administration has spent a great deal of money digging sewers; yet in the case of the same type of houses in my own part of the country, at Powell River, that matter is under local control, and the cost was much lower for this reason. In Great Britain does the Ministry of Health tell these people they are going to have a septic tank?—A. Yes. It is logical that public health and housing are one and the same thing. You cannot really separate them. The Ministry of Health set all of the standards for houses throughout Britain. Then the local housing authority must construct houses according to that. That is one of the crying needs in this country, a national building code. Our building by-laws are outmoded which prohibit the development of new building techniques. I have seen that instanced in my own case in two or three cities where we were asked to build houses where the building authority here said you must have nails here and the next chap said you do not need nails there; if you are trying to reduce housing costs and you want to provide a good house, you cannot be at the beck and call of the local building inspector. That is one of the things that will have to be attacked before we get a good uniform reduction in housing costs and encouragement along those lines.

By Mr. Cruickshank:

Q. What would the £1,200 house rent for?—A. Well, that all depends on the ability of the tenant to pay. For some of those houses they only get £2-6-0 a month, but the authorities make up the deficit. I mean, the landlords are subsidized. As to how they are built, the local housing authority will supply the land to the developer. The developer puts his house on the land and the local housing authority takes those houses off the developer hands at £1,150 or £1,200. He knows what he is going to sell for before he builds them at all, but he does not have to invest in the land.

By Mr. Ross:

Q. Are those council unit houses in the old country built on a contract basis or on a cost plus basis to the builder?—A. The builder must put in a bid on those houses.

Mr. CRUICKSHANK: A fixed bid?

By Mr. Ross:

Q. A fixed bid?—A. A fixed bid.

Q. A fixed contract. It is not on a cost plus basis?—A. No. It is a straight contract. They will make an agreement with the local housing authority on those houses. They will say, "We will build that type of house." The local housing authority will say, "You will get £1 per square foot for that type of house you build." Therefore the housing costs are controlled and yet the contractors go ahead and build them.

By Mr. Mutch:

Q. Have you any idea what the contractor's average profit is in building a £1,200 house?—A. It is very little to-day.

Q. Obviously he makes something or he would not build them.—A. Yes, he does. As a matter of fact, on our housing schemes that we put up there, or which we started on, we were not too well organized with labour and I have not got the actual cost of those houses, but I do not think it would be anything like 10 per cent.

By Mr. Winters:

Q. Mr. Van Norman mentioned 4,000 houses imported from Sweden. I presume they were wooden houses?—A. Wooden houses, yes.

Q. That must present quite a shipping problem for a two storey pre-fabricated factory-made wooden house. I wonder if you have any idea as to whether or not that could economically be done from Canada as well as from Sweden?—A. Well, I personally am interested in a company who are shipping timber houses from Canada to Britain to-day.

Q. The same type of two-storey house—A. It is a two-storey house, yes. But it is a different type of pre-fabricated house altogether from the Swedish house. The Swedish house is made in panels, exterior vertical boarding, where my house is made in interlocking component parts of timber, a lot of it. We have the set-up so that our timber is shipped under a certain system that we have of interlocking this timber on the side and in this way we have designed a system in Canada that will compete with Sweden. The timber houses that we put up in England are sold to the local housing authorities for £1,150, just the same as the brick houses.

By Mr. Sinclair:

Q. You are speaking about the houses being put up in Britain for £1,150. Cannot our veterans across Canada get comparable houses for \$4,600? If you can ship houses from Vancouver to England and assemble them there for the cost of £1,150, why cannot you do the same thing cheaper in Canada on the same plan?—A. Well, I think one of your troubles in cost in veterans affairs housing would be in the various districts in which you build. It all depends on the keenness of the competition of the contractors that you get. Over a period of years in architects, or engineers' offices, you will have bids coming in that will vary 15 or 20 per cent for the same set of plans and you will wonder who is right or who is wrong, and it is very hard to explain. That is one reason, Mr. Sinclair, that drove me into this pre-fabrication of housing. I wanted to cut costs, and I wanted to know what it was, and we started talking on this thing and we started building more or less, and before I knew it we were in the house manufacturing business. Now we can control our costs down the line.

Mr. SINCLAIR: The British must have the same problem with the contractors. If they can meet it, we should be able to meet it.

Mr. LENNARD: Not on a cost plus basis.

MR. SINCLAIR: No, not on a cost plus basis. That is right.

THE WITNESS: Well, I think as a matter of fact that one thing where the British carry a little bit further is that they have a very fine quantity survey system on all of their jobs. Of course, as you know, there are professional quantity surveyors, and that every job is supplied a definite list of quantities so that everybody figures the same amount of material in that building, so that all the contractor has to do is put his unit prices down and extend his totals. If a contractor is not careful about taking off his materials, and he figures on 10,000 or 12,000 feet of timber, and if he does not get good competition with his sub trade, naturally when you analyse those bids you will see the insufficiencies that creep into that set-up. It is not tied up well enough to control your costs. I think that some system of quantity surveying maybe should be adopted. In these smaller communities where the contractors have not been up against very much competition, it would be helpful to them.

By Mr. Ross:

Q. May I ask have you been advising our Veterans' Land Act administration on house planning under their small holdings scheme?—A. If I am what? I did not hear that.

Q. I was asking if you had been advising the administration of the Veterans' Land Act? Do they take your advice on this house planning for the small holdings?—A. Well, what happened on the small holdings plan was this. I was asked to get out some plans for small houses.

Q. For the Canadian Veterans' Land Act?—A. Yes, for the Veterans' Land Act administration; for Mr. Murchison's department. Several other architects across Canada were in the same position. All I know is that the types of houses that were designed for the Veterans' Land Act were designed on this dimensional co-ordination basis. They were designed with a view to the most ultimate economy by putting through the different techniques that we had for the builders to take and build. Those houses at Queensborough Heights were very nice looking houses. They were low cost compared to the other houses of to-day, but some of the houses that were designed were not designed on a dimensional co-ordination basis. From my own experience, from the benefit of the experience of the builders who built those houses, those dimensional co-ordination basis houses were more economical to build than the other types of houses. We have not followed through any further with the Veterans' Land Act or any other houses.

By Mr. Ross:

Q. There is just one point that bothers me a great deal. I have seen some of these centralized units. You made the point this morning that two-storey houses were in every case constructed as far as any of these county council houses were concerned. I am not a builder or an architect, but I have always had the idea that it is much more expensive building a one-storey building than a two-storey building. I have gone through one of these centralized units where they were all one-storey buildings of 4 or 5 rooms. In fact, I have been told by people who were builders that if they had been two-storey buildings, you would have 70 per cent more actual living space in the house for an added 14 per cent of cost. Is that nearly right at all? The point is that I think we are now spending a lot of money for the value we are getting, and that the veteran is not getting the value he might get if you followed a different type of building.—A. The storey and a half house is not the most economical house to build. In the two-storey house, the foundations are less, the roofing is less. If you start cutting up the roof space for dormers, where you have flashings and all that sort of thing, a dormer will cost possibly as much as the whole roof, with the little bits of fiddling that the carpenter has to do. That all takes time and takes material. And for what you gain, 6 or 7 square feet of floor area in

a dormer window is not of any use to anybody. There are many things to substantiate the value of the two-storey house. A semi-detached house is a very sensible house, with a party wall; in some instances you do save two gable ends. Then the property can be divided so that instead of setting the house plunk in the middle of a 60-foot lot you can give greater side yards for the duplex.

By Mr. Mutch:

Q. Going back to Mr. Sinclair's question in respect to the house which you can build in England for £1,150 and why it cannot be put up under the Veterans' Land Act, for instance, in Canada at that same amount of money, would not the main difference, apart from the provincial and local regulations, be that in this house we are insisting on a basement which runs from \$800 to \$1,400 and more if you have to blast?—A. Yes. I think that if one looks at any small house design, basements are too expensive for the amount that you get out of them. A lot of people disagree with a statement such as that, but I know that I would rather build a two-storey house above the ground than a one-storey and a basement.

Q. Hear, hear.—A. But there is so much tradition and sentiment and one thing and another about housing that it shocks people to suggest those things.

Q. Is it not tradition particularly in building and lack of advancement that is costing the money?—A. That is right. If you analyse the average house to-day, with the house that was built 50 or 75 years ago and take out of that house the electric range, the electric refrigerator, the radio, what you have left is a living area the same as it was 75 years ago.

Q. Built by exactly the same methods.—A. Built by exactly the same methods. You cannot compare the building of a house, I do not think—the pre-fabricating people would disagree with me, I suppose, but you cannot compare the building of a factory-built house with an automobile, as so much of the dramatics of this imaginary phrase of pre-fabrication is construed. An automobile is something that is mechanical. It is something that is on a different scale. It takes very accurate engineering principles. I believe that a proper and sane method of pre-fabrication is that the system or the planning does not have to be sacrificed for a system of building. I believe that in Canada housing with a pre-fabricated system that allows flexibility in planning is the proper type. That is what we believe in and I can only say, from my record of experience, that the firm in England has asked me over a period of 7 to 8 years to supply them with over 10,000 units, so I must be on the right track in my thinking in that regard.

By Mr. Jutras:

Q. Do you consider that basements are an essential in Canada?—A. I do not consider that they are essential. I should say that possibly in some places the site demanded excavation. A great deal depends on where you are going to set your house. But so many houses are designed on a flat sheet of paper for most housing schemes, and it is shown maybe a foot or two above the ground; then the site is selected where there is quite a variety about the grade and that house has got to be propped up with a big structure underneath it which, with a flatter site you would eliminate. Considerable thought has to be given whether it is better to flatten off those sites or whether it is better to design. What I think you should have, to get down to cases, is as much good technical direction in your housing schemes as you can get. Every business man here knows that good planning of the various parts of his business is most necessary. I think that money spent upon good technical planning is money well spent.

By Mr. Mutch:

Q. I would like to ask about heating. Heating in the basement is best, in my opinion. I find that it is better to sit over your fire than to sit beside it. But is it not true that modern systems of central heating work equally well, in our climate, if they are located on the same floor as if they were placed in the basement?—A. Yes, it is just a question of getting proper air circulation and gravity flow.

Q. With a five-foot lift on the register and a small fan, you will get a better distribution of heat.—A. You cannot expect a group of architects in Canada to be approached to design for you small houses without having to take them away from their industrial work, such as you have to do to get out a few houses for a housing scheme or for your Veterans' Land Act. I have been trying to finalize those houses and I think the answer is that we can go on and on trying to improve such houses; it is a continual build-up of facts. The department has learned a lot in reviewing the houses it has built. If those houses, naturally, are displayed, and the good points of them taken and incorporated, and the bad points kicked out, that is the only way you will get good housing. You cannot expect architects who have not had broad experience in housing to develop for you, overnight, proper housing solutions while you pay them as little as they get for those houses. It is not sound business for them to do so.

By Mr. Emmerson:

Q. In so far as small holdings are concerned, and in connection with dampness in cellars, that is due to the houses being placed in units outside of cities. In such places, small householders often grow some of their own food-stuff and consequently must have a place in which to preserve it. What about a basement which they can use for cold storage?—A. I would say that where a basement would cost \$700 to \$800 as a minimum, that a good outbuilding of the size of a one-car garage would serve just as well. When you have these half-acre sites, that would be a very practical solution; and the paraphernalia around those places can be kept there instead of being dragged into the house.

If you analyse the average preserve or jam cupboard in anybody's house and what it contains, I think you could put all that food storage into an area of forty square feet, which would be ample in a well organized dry storage shelf.

By Mr. Green:

Q. You mentioned the need of continuous planning in regard to veterans housing. Do you mean that there should be somebody doing that at headquarters here in Ottawa on behalf of the whole of Canada, all the time? What did you have in mind?—A. I did not have anything particularly in mind, so long as it was continued good planning. I know that in our own case we got out houses and we got interested in a scheme like that. You always want to do better houses and you get to think of them in this way: that if some department of Veterans Affairs—or maybe it could be done by a private consultant—I do not know; but as long as planning is followed through, as long as there is an inducement there for a private firm to carry on with that type of work. In so many housing schemes the ambition seems to be to catalogue houses and say: there is the whole scheme; away we go from there. That is the first step, but I think there should be several houses added to it and several houses taken out of it. I do not think that the survey of the possibilities of two-storey houses has been gone into yet. It has not been done, with us, and I do not think it has been done with the others. I believe that the architects were paid off and the department is taking over that planning. I think there should be a rule of standards as a guide for everybody who plans government housing schemes on any large scale.

Mr. GREEN: Could I ask the deputy minister whether there is any such plan as that in existence now? It seems to me that the witness has raised a particularly good point. There should be continuous planning of these houses by way of fitting in improvements and eliminating bad features. I would like to know if there is any plan of that type.

Mr. ROSS: We cannot hear you down here, Mr. Green.

Mr. GREEN: If you didn't talk so much, you could. Mr. Van Norman has suggested that it would be very wise if we had some continuous planning in regard to these houses so that where there are good points, they could be embodied in the housing, and where there are bad points, they could be eliminated. He said that the practice seems to have been to have the architects do this job and then stop and then have other architects do that job and stop. So I ask the deputy minister whether they have any plans on foot for continuous, scientific planning, so that these houses can be improved. It seems to me there is something very much worth while in the suggestion made by Mr. Van Norman, and I would like to know what the department has done along that line.

Mr. WOODS: With the exception of the small holdings in country towns or villages, the erection of the type of suburban housing that has been going on under the Veterans' Land Act has recently been co-ordinated with what wartime housing are doing, and the housing corporation. Mr. Green's question could better be answered by Mr. Dave Mansur or the Deputy Minister of Reconstruction, because there has been a co-ordinating committee set up. I would imagine there would be planning going on all along the line, as suggested by Mr. Van Norman this morning. That answers Mr. Green's question. The committee is probably aware that the director, under the Veterans' Land Act, is a corporation sole under his Act, and his operations do not come through the deputy minister. He reports directly to the minister. But it is within my knowledge that recently in connection with the erection of houses by the director of the Veterans' Land Act, that work is now being co-ordinated with what is being done by other government agencies, through the medium of a co-ordinating committee. I am sorry if my information is not as complete as it would be if the work came under my jurisdiction.

Mr. WRIGHT: Mr. Van Norman has had considerable experience with housing schemes in Great Britain. I wonder if it is his opinion that we, in Canada, could institute any such scheme as they have over there by providing the lower income groups of people with reasonable houses of from 900 to 1,000 square feet floor space, without some form of subsidy.

Mr. SINCLAIR: Mr. Van Norman is an architect, not a politician.

The WITNESS: I can only answer your question from a technical point of view. I do not think there has been a place that has been the target for more people than the housing scheme at Ottawa, in the last year or so. It seems that people want to get going on housing schemes, but unless they have had certain experience in producing mass housing, they do not particularly know about their costs. I think that if housing plans were submitted with the quantity surveys as I asked before, to a committee of the government who could analyse those quantities—I think that question could only be answered if private enterprise is willing to go ahead and put up a building that would lower the cost and would eliminate subsidies. I think that is the target of most of the factory house manufacturers, to get their costs down and down and down. That is the one thing which is foremost in their minds. But as to the other way of trying to reduce costs, with certain of the builders now, I am not clear on the point and cannot take a stand either one way or the other; I am trying to keep an open mind on the construction industry as I see it. We build custom built houses, and the custom built houses always run into unknown quantities

such as the human equation, the weather, the availability of supplies, the eagerness of the contractor to get the job, whether or not he is busy, whether or not he will figure it fine or just guess it, and whether or not you have the right kind of competition; otherwise your theory is all shot. I think the only way would be to have a controlled policy through some organization in the government that could control the cost. Then, if you set a ceiling, everybody must sharpen his pencil and shoot at the target. That is how they do it in Great Britain.

We are at the mercy of the general contractor or housing manufacturer. They have gone into those costs themselves, and they know pretty well what those costs are. Then, it is up to the housing manufacturer or the builder to get down to cases and work out those costs. But you may never get your housing costs down. Supposing, through very ingenious methods, we saved \$100 through proper technical planning of a house; but a chap who figured on that house was not as broad, and he would shoot the value of that \$100 in no time.

It may be that the house which was designed did cost \$100 more, but the contractor figured it on a more competitive basis, so it will be lower in cost. So I would think that the policy should be to employ a consultant or have some set-up in the department whereby those costs are analysed further, and really analysed so that you will then have the answer and not have to rely only upon private quantity surveys and unit prices to-day. As a matter of fact, we have it in our prefabricating business. We have to have it. We have the unit costs of material per square foot and extended to how much it costs in connection with a model or plan of three feet or four feet square; and we know that the cost is going to go up or that the labour is going to go up. I do not think you have a proper analysis of costs; you have just a collection of bids; but that does not particularly represent the true cost. It may be that one contractor is making 20 per cent and another contractor is making 2 per cent. It all depends upon how efficient they are.

Mr. GREEN: You think, in effect, that we are on a hit or miss basis.

Mr. MUTCH: The trade, generally, is on a hit or miss basis.

The WITNESS: I do not think we are on a hit or miss basis, but I do think that the trade generally is on a hit or miss basis, the whole construction industry.

By Mr. Wright:

Q. There is a degree of competition in the construction industry in Great Britain, yet the costs there are lower than in this country because, not only of the fact that they have perhaps larger contracts and more houses to build, but they are given more direction by the central housing authorities as to what is wanted.—A. Yes.

Q. And knowing exactly what they are going to have to do they are able to make a closer bid.—A. That is right. There are prototype houses built with a proper analysis of costs. The government built those houses. They built certain models in a district outside of London, and they analysed the costs and their material set-up, and they knew pretty well what the profit would be; so a builder could go down to the department and get a little guidance there, and the architect who designed the houses would know what was required. They could all go out together and look at those houses that were built and see the type of finish demanded in those houses.

By Mr. Brooks:

Q. How could they control the cost of material from time to time, when the cost of material changes?—A. The cost of material does not change so much; and by the overall control of the costs of those houses, there is no particular incentive for the material manufacturer to "up" his costs, if he is going to bottleneck the housing program, because he won't be in the business of housing. It

works down; the process is there. I do not know if I have answered your question or not. I do not think I have.

Q. In this country the price of lumber goes up and the price of material goes up, and then we know that the cost of a building goes up. But in England they speak about a £1,150 to £2,000 house as though they might have those prices over a period of years. I was wondering how they could keep it stable like that, with the cost of material going up at different times.—A. They would have to revise those costs when the materials go up; but they are so tough in controlling costs that they just do not get out of line. They are very tough about it.

Q. If we were to be tough, then the cost would not get out of line here.

The CHAIRMAN: Are we nearly through with the questions; because we have got some bills that we want to get before you. It is a matter for the committee to decide. The question is: are we going to take the whole morning on this, or are we going to try to get some other work done.

By Mr. Herridge:

Q. This has been most interesting to us and I think that Mr. Van Norman's suggestions are the key to the whole problem. Now, following what Mr. Green has said, I think we should have better houses at uniform and lower costs. In the city of Nelson at the present time we have thirteen houses being built for veterans. The builders of those houses will go on ordering materials in their own way and will build the houses according to former methods; but if we should accept Mr. Van Norman's suggestion, those builders would build those houses as a result of some organization in the department disseminating collected experience which would be projected into those houses and other houses in Canada. I can see, Mr. Chairman, where we can spend the rest of this period on this question and will have gained something very worth while because the question is fundamental to the whole problem.

By Mr. Archibald:

Q. The conventionally built house, roughly speaking, is down to about the lowest possible figure you can get. But what about the recent attempt made in the United States to build a different shape of house without any of the craft entering into it that goes into the conventional house; I refer to the Fuller Dimaxion house, where they have eliminated the pipe-fitter, the bricklayer, and so on, and thereby eliminated a great deal of the costs?—A. As you have referred to that particular type of house, that house, if you look at it from a pure enclosure of space point of view, if you look at it in the hard-boiled way, so to speak, at what it offers in the way of good plumbing, good kitchen and good living accommodation, it will take some time before that house is down in cost. It will never get down, I think, to the cost of the little house that does not offer those amenities, because the mechanical equipment in those factory houses is a very desirable and costly item. Most of those houses, as I say, have not reduced the price of housing, but they are giving better housing and they are opening up people's minds to other forms. Whether the Dimaxion house will click or not I do not know. On the other hand, those types of houses and those forms of houses will make inroads into our housing schemes, into our housing developments.

The CHAIRMAN: If there are no other questions at the present time, I should like to thank Mr. Van Norman very much for coming here. I am sure that his presentation will be studied with great interest by the committee and the housing authorities.

By Mr. Brooks:

Q. There is just one other question I should like to ask. When did the British start making the plans that they are operating on now That is, they

are not of recent date, I do not think. It was two or three years ago, was it not, that they started on this planing?—A. Yes. Just to answer that question, I may be able to give the exact date from some correspondence. No, there is no date on it. It was in the last two or three years.

By Mr. Croll:

Q. But they did pre-war planning too, did they not?—A. Yes. Here is one point that I left with the technical people in Britain, as I saw it, and what I should like to leave with the technical people who will be responsible for housing here. I go to Britain and I talk about housing, and I am influenced by our own Canadian housing, as I understand it. I see where it applies there and where it does not apply and why it does not apply. But there are many good points about the set-up of British housing and many of them which would not and could not apply to Canada. Those technical people who are going to be responsible to advise the people on this thing, I think should compare notes. I suggested to the Ministry of Works that they have a proper delegation of their chief architects come to Canada instead of staying there and being the targets for trying to administer what we are telling them from our point of view. I said, "Come and see for yourselves". And vice versa, I think we should study things from any federal housing administration, and we should study things from the financial and subsidized set-up on the other side; then you do get something to compare. We have not the experience with this. A few company towns, yes, with a company architect or engineer. He is a pretty knowledgeable fellow on housing. But if you analyze the housing situation, as I said before, in the case of 90 per cent possibly of the houses they have not got an architect. A good builder will build a house, but it does not necessarily mean he is a good planner. Any builder who is building on spec. on the street, if you analyse the brick houses in Toronto on 35 and 40 foot lots, you do not get such a tremendous variety that co-ordinated building would not give you; that is, that modular grid planning would not give you. You have seen those housing developments, where the contractor, if he is going to build a 6 room house and sell it for so much money. The next contractor cannot put in much more in a 6 room house if the purchaser is going to buy that one 6 room house at the same figure. He must be influenced by that plan and they gradually work out to a similar plan. You would see it in Point Grey. You would see it in any city, a certain type of plan. The factory built house is not something that is going to create such a monotonous way of life that you cannot paint the floor yellow and green the same as in the case of other buildings.

By Mr. Brooks:

Q. You think we could learn if we studied schemes in other countries, such as England?—A. When we are getting into government housing schemes, I think they have had such broad experience over a number of years. I possibly would not recommend the same kind of set-up over here, but there are parts of it that are good.

Q. What about government housing in the United States? Have you checked on that at all?—A. Not too closely. As to the Federal Housing Administration and our National Housing Act, there was a parallel set-up there. It was very similar to our N.H.A. as far as maximums and that sort of thing went, and the limitation on builders. N.H.A. was a dandy thing and still is, of course, for the builder and for home ownership; but if you are going into rental housing or are considering that and subsidized housing for people, I think a lot could be learned from the old country and that we could benefit by a lot of their shortcomings or mistakes; because in some instances they may be over-planned where we are underplanned. I do not know which is the worst.

Mr. Mutch: The effect is the same.

Mr. CROLL: All right.

The CHAIRMAN: Thank you, Mr. Van Norman, very much.

We have a little over half an hour left this morning, gentlemen, and we will be reporting the bill that we passed last night on business and professional loans. I thought we might report the bill in regard to allied veterans this afternoon, but before reporting it Mr. Woods wishes to bring to your attention some facts which were not before the committee when they considered the bill the other day. I thought the committee would like to hear them before the bill was actually reported. There was an amendment perhaps which was rather unexpected, and Mr. Woods has some information in regard to the effect of it. With your permission I would ask him to give a statement and then the committee can decide whether it will reconsider this matter or not.

Mr. Woods: Mr. Chairman and gentlemen, this is regarding the proposed bill entitled The Allied Veterans' Benefits Act.

On Friday last the Committee approved a recommendation by Mr. Sinclair that Section 3 of the proposed Bill be amended by adding after the word "Canada" in the fourth line the words "and who is a British subject."

The Department has been studying this proposal and wishes to place before the Committee certain relevant information which might have an effect on the Committee's decisions. This proposed Bill was actually designed to make provision for the nationals of other countries allied with His Majesty who joined the forces of the country of their origin and were recruited in Canada with the permission and concurrence of the Canadian Government and with the co-operation of the Department of National Defence.

When this matter was under consideration, the Adjutant General wrote to the Department in part as follows:—

The arguments put forward at our recent conference were that these men form a part of Canada's war effort and are fighting directly to achieve our common aims. The reasons why these Canadian residents of allied countries have joined the Foreign Force instead of the Canadian Forces are varied; namely,

- (a) Some served in the Canadian Army (Active) but were discharged as unlikely to become efficient really due to the fact that their knowledge of English was insufficient for them to become well-trained soldiers.
- (b) Some, although good Canadians, still to a greater or lesser degree have been brought up in an atmosphere of their country of origin . . . with the result that these men have joined the Forces of their origin.
- (c) Some have presented themselves for enlistment in the Canadian Army (Active) but were not permitted to enlist until the advice of the Foreign Force of the nationality to which they belonged had first been received. . .
- (d) Men have also been discharged from the Canadian Army for the purpose of enlisting in Foreign Forces, in accordance with C.A.R.O. 1976.

From the above it appears that the Department of National Defence has encouraged foreign nationals, residents of Canada, to join the Forces of their own country. The reasons are the following:—

- (a) It is expected that foreign Nationals would make better soldiers fighting alongside men whose language and customs were still often better understood, and therefore better serve the allied cause.
- (b) Large foreign armies of the allied countries now under Nazi rule are being formed in England and are being held in readiness for the

invasion of the Continent. It is quite obvious that at such times as the Allies invade the Continent these armies will be available to our cause. . .

Reference is also made to P.C. 22/6172 of August 13, 1941, which states:—

That, in accordance with Section 3 of the War Appropriation Act, Chapter 3 of The Statutes of Canada, 1940,

The Government of Canada may act as the agent of the Government of any British or foreign country allied with His Majesty for any purpose which, in the opinion of the Governor in Council, will aid directly or indirectly in the prosecution of the war.

This Order in Council further stated:—

That P.C. 22/2544, dated 11th April, 1941, authorized the Department of National Defence (Army) to act as the agent of the Governments of Belgium, Czechoslovakia, the Netherlands, Norway and Poland.

In view of the foregoing it was felt that there was a definite obligation towards these members of the Government, by P.C. 7516 on January 22, 1946, made provision for "allied veterans who, subsequent to the 10th day of September, 1939, served in the armed forces of any of the nations allied with His Majesty in active operations against the enemy in the war and who, at the time they joined any such forces, were domiciled in Canada."

These veterans were, provided they returned to Canada within two years of the date of their discharge, given entitlement to all rights and benefits and privileges available to a former member of His Majesty's forces other than Canadian, such benefits being the War Service Grants Act, the Veterans Rehabilitation Act, the Veterans' Land Act and the Treatment Regulations.

The order in council provided there shall be deducted from these benefits any similar benefits payable to them under the legislation of the country in whose forces they served. After enactment of the order in council the various countries concerned were advised of the purport thereof and invited to submit the names of their nationals who were eligible. This order in council made no stipulation requiring that the beneficiary be a Canadian citizen.

It is pointed out that under the Canadian Pension Act such veterans are eligible for disability pension and their dependents for pension in case of death and no stipulation is made as to their being British subjects.

Mr. BROOKS: Is there any as to domicile?

Mr. WOODS: As to domicile, yes.

It is pointed out further that when the War Veterans Allowance Act was enacted in 1930 provision was made for members of the forces of His Majesty who were domiciled in Canada on their enlistment and no stipulation was made as to their being British subjects. We find that approximately 80 per cent of those served in these forces were not naturalized British subjects.

So the effect of the amendment that was accepted the other day would be to exclude approximately 80 per cent of those men who were drawn, with Canada's concurrence, assistance and encouragement, by the army. It would exclude approximately 80 per cent from the benefits of this Allied Veterans' Benefits Act.

The new bill, therefore, introduces no new principle but the continuation of a principle that has been accepted for many years. If any change is made at all, it is suggested that an exception be made of those members of His Majesty's Allied Forces who joined such forces in Canada for service overseas. In short, as to those who were recruited in Canada to serve in foreign forces that were raised here, it is submitted that an exception might be made of them if any change is made at all.

Mr. SINCLAIR: Mr. Chairman, Mr. Woods was good enough to discuss this with me at some length yesterday, and in spite of all that he has been saying, I still do not see that it directly affects the amendment I moved. The amendment I moved or the effect of it was that all these things can be given to the man if eventually he becomes a Canadian. It was pointed out, quite rightly, that whereas service by a foreigner in the Canadian army does count as residence time in Canada in the 5 years necessary for citizenship, that such time spent by a foreigner in a foreign service does not count. I mentioned this in conversation with the Secretary of State and he said that was one case which had not been drawn to their attention. He mentioned that there were over 2,300 different categories of residence and domicile drawn to their attention, but this was not one of them. But it was his personal opinion—and perhaps I should not say it, but it seems very logical—that if this government has gone so far as to give them pensions and allowances and recognize their service in every other way, it would not be too difficult next year to get an amendment to the citizenship bill to include such service of foreigners who left Canada to join the forces of other allied nations and to include such foreign service as Canadian residence time. This committee has been battling now to get the best possible deal for the Canadian fighting men and you know what our position has been. We know the battles both the minister and the chairman have had with the Treasury Board to get these things done. For the first time to my knowledge this committee is actually suggesting to the government where they can save a little money by not paying allowances to men who, although they lived in Canada before they joined up, did not serve in British forces but who returned to Canada and will not take out Canadian citizenship. I am suggesting that they should not be paid gratuities from the Canadian taxpayers' pockets for this service, and I am surprised to find that there is this opposition. As far as the war veterans' allowance is concerned, I should be shocked to learn that any veteran from 1930 on should receive war veterans' allowance for service in an allied army who is still not a British subject. If that is the case, then I would be all in favour of having that man's war veterans' allowance cease. The point made by the minister was the fact that an order in council had already carried out this principle. If we are to carry out orders in council which have been passed in the last 5 years, this committee might just as well pack up. If on the other hand it is said there is going to be a difference in treatment of these people after the passing of this bill and before, then I would quote as a precedent the orders in council regarding the clothing allowance: for the early veterans, \$35; then \$55; then \$100. Yet the government could rationalize that difference in treatment quite easily. So I do not see why they should have very much difficulty in justifying this difference in treatment. So far as I am concerned, I do not propose to withdraw the amendment I made, which was to the effect that any volunteer domiciled in this country who joined an allied force and returned to Canada, before he can qualify for Canadian benefits must become a British subject if he has not already done so.

Mr. ARCHIBALD: I should like to ask the hon. member from North Vancouver a question. You said you would be shocked to hear of a resident of this country from 1930 on that had not become a citizen?

Mr. SINCLAIR: No, a veteran who is in receipt of the war veterans' allowance since 1930.

Mr. ARCHIBALD: Oh, yes.

Mr. BENEDICKSON: Mr. Chairman, did we receive the figures as to the nationality of the various groups that were recruited in Canada?

Mr. CROLL: Yes. We were given that the other day.

Mr. BENEDICKSON: I was interested in what proportion of the total group were Americans.

Mr. CROLL: There were no Americans.

Mr. SINCLAIR: There were no Americans mentioned by the minister, but a great number of Americans would qualify. In the minister's figures they were a group excepted, but under the terms of this bill a great number of Americans who did not join the Canadian forces but went south and served in the American forces, and have come back to Canada and are working in this country, could qualify under this bill.

Mr. BAKER: I wonder if it would help to solve our difficulties if, instead of waiting until these men of foreign origin qualify as Canadian citizens, they made their application and showed their definite intent that they were intending to become Canadian citizens, so that they could benefit before the time is up.

Mr. SINCLAIR: That was my original amendment, but Mr. Benidickson talked me into going the whole way.

Mr. BAKER: I was wondering if that would not help to solve the difficulty.

Mr. SINCLAIR: Oh, yes.

Mr. BAKER: That would accomplish what you want.

Mr. ROSS: No. The point was brought up there that they can make application and still it might not go through. It might not be finalized.

Mr. BAKER: I think the majority that once started would go through.

Mr. WINTERS: You are taking too much on good faith there.

Mr. BAKER: I do not think so. The only thing is it would be better to have it the other way except that these benefits will be denied; and apparently if in good faith these people are going to become citizens, then why not give them the benefits?

The CHAIRMAN: What I would say is this.

Mr. BAKER: Would that meet with your approval? That was your original motion. Would you be willing to have that?

Mr. SINCLAIR: I would be willing.

Mr. BAKER: I would so move, then.

The CHAIRMAN: I was going to point out this to the committee. We have already communicated with various governments—

Mr. CROLL: That is the point.

The CHAIRMAN: —that we are doing this and negotiations have been conducted; and I think there was actually an agreement made with the Netherlands government to pay for doing this very thing. My own feeling about the thing is this, that having gone that far and intimated to them what our government was doing, then if we say to them that we have changed our minds and perhaps next year we will enable these people to become British subjects, it means if we do that through the bill, any that are taking training now will have to discontinue it; those who are going to university will have to discontinue until some time at least a year from now when they can apply to become British subjects. I do not know how long it will take them after they apply, but I am inclined to think that it will discontinue their training for at least two years. These people were allied when they went. They were the responsibility of Canada when they went into those allied forces. They went in, in most cases, at our suggestion. They served the common cause. We have told their governments that we were going to do this, and we have actually started to do it. The suggestion was made that we might save a few dollars—

Mr. BROOKS: Is not the point this, Mr. Chairman: these people were in Canada, a good many of them, and they would have joined our Canadian forces.

The CHAIRMAN: Yes.

Mr. WOODS: And many of them did.

Mr. BROOKS: And many of them did, but the government encouraged them to go into the forces of their own country.

The CHAIRMAN: That is right.

Mr. BROOKS: I think there is a very great principle there and that we are under the same obligation to these men who joined those foreign forces as we would be if these men had remained in the Canadian forces. I do not think we can get away from that principle. It is one principle that I think the government is right in, in this case. I feel very strongly about it.

The CHAIRMAN: Might I give the figures on it so the discussion may proceed? Here are the figures:—

We have no information on the numbers of such persons who left Canada as civilians to join the forces of His Majesty's allies just prior to and during the war. We have, however, information on the numbers who were recruited in Canada in the forces of His Majesty's allies and it was mainly for these that provision was made by order in council which it is proposed to now put in statutory form. These were as follows:

Belgium	145
Czechoslovakia	149
France	74
Netherlands	178
Norway	104
Poland	165
Yugoslavia	12
Total	<hr/> 827 <hr/>

Mr. CROLL: Do you know how many are taking training or going to school?

Mr. WOODS: There are no figures.

Mr. MUTCH: Are we reduced to purchasing citizens for this country? That is what it means.

Mr. MERRITT: Oh, no.

Mr. MUTCH: It is pretty close to it. We are saying that they may have certain benefits if they assume citizenship. What are you going to assume? I think the question we have to decide is simply that of whether we are going to take responsibility for people who were domiciled in this country if they were not citizens, who played a creditable part in the war either as a result of inducement, in many instances called out by our own government, or by restrictions imposed by our own government, or because they were better able to serve in other circumstances. It is the rather narrow approach of nationalism, in my view. I was not here when the discussion took place, but I cannot see anything for the prestige of Canada or the Canadian people or the Canadian government out of making that type of restrictive order. I do not think that you are even going to save any money, just putting it on the lowest possible basis; because if they are back here, presumably and in need, they will be able to purchase what they want by assuming citizenship. It is a bit out of keeping with the spirit of our relations.

Mr. GREEN: Mr. Chairman, we battled this out very hard the other day when you were not here. I think in that case perhaps it is unfortunate that you were not here. However, there has been a further statement made this morning by the deputy minister which alters the facts very materially in that it shows

that if the recommendation that was put through by a majority here the other day is carried through into law, then about 80 per cent of the men who would benefit under this bill will be deprived of any benefit.

Mr. WOODS: That is right.

Mr. GREEN: That is the effect of the amendment, to deprive 80 per cent of these men of any benefits. That I think is a very material fact and is of sufficient importance to warrant the committee in unanimously withdrawing the amendment that was put up the other day. If they are not prepared to do that, I suggest the only course open is for the government to let the recommendation go to the House as it was passed the other day and then not follow it, and bring in a bill that meets the actual situation. That is what they should have done about the Pension Act rather than coming in here and forcing a change in the report after various sections had been passed by the committee. But the amendment is clearly wrong, as I pointed out the other day. The law has been in effect for many years. The men have been entitled to these benefits for some years. Time is of the essence with regard to these benefits. If they do not get them quickly, they are not of much use to them. In fact, many men will lose them completely simply by the lapse of time, as the chairman pointed out a few minutes ago. Then the government gave the right to these men to enlist in foreign forces. The government actually supervised their training here in Canada, in many cases. I do not think we have ever tried to make people British subjects by using shotgun methods. That is what would be the effect of Mr. Sinclair's amendment, that these men are compelled to apply for British citizenship in order to get the benefits of this Act, which is entirely contrary to our whole way of granting citizenship.

Mr. MUTCH: That is not granting citizenship; it is purchasing it.

Mr. GREEN: Yes.

Mr. SINCLAIR: You are putting words in my mouth. I will put words in your mouth. Are you in favour of giving foreigners in a foreign army benefits paid for by the taxpayers of Canada? I will put words in your mouth.

Mr. MUTCH: The answer is yes.

Mr. GREEN: We have based veterans legislation on the compulsory taking out of British citizenship, and I do not think it is sound. If the committee will not withdraw their amendment of the other day, I suggest to the chairman that the government show a little courage and do not accept the recommendation, but bring in a bill that actually meets the situation.

The CHAIRMAN: The government wanted to be absolutely courteous to the committee. That was the idea in bringing this forward again, to get the reaction of the committee.

Mr. WRIGHT: Mr. Chairman, I agree with Mr. Sinclair in the fact that people coming to this country should take out citizenship, and I think it should be compulsory for them to do so. But I think here we are setting aside one class. We have not made it compulsory for everybody else, and we are setting up one little group who were loyal enough to enlist. I know of one case, that of a man who enlisted or went to the Canadian army and tried to enlist but was advised to go to Belgium. His transportation was paid and every assistance was given him. He has come back to this country and he has been partially re-established under the order in council. Now he is going to miss out. It is rather difficult for chaps like that, and most of these people are that type of people. I think the government would be well advised not to accept the recommendation of the committee. If that amendment is not withdrawn, I would suggest to them that they give serious consideration to not accepting it.

Mr. ARCHIBALD: Mr. Chairman, in this connection I feel as Mr. Wright feels on this question, that this is a specific case. It is all very well to cut them

off, but just consider many of these fellows that came from Europe. I know of the case of one man, and I will grant you he did not serve in the armed forces but it could apply. During the depression many of them did not have money enough to bring their wives out. There are hundreds of cases of that in Canada. Where are these men? They did not know whether they were going back or staying or what was coming up. You are going to take away those benefits at this present time. The Secretary of State was mentioned. I think instructions should be sent out that these men declare their intentions after a certain period but do not apply it to them now.

Mr. BENIDICKSON: Mr. Chairman, some of the members of the committee were not present when this matter was discussed on a previous occasion. Consequently I think possibly some explanation is required of the remarks just made by Mr. Sinclair, that I had talked him into strengthening the amendment that he proposed. What I did do on that occasion was simply to point out from legal experience that there were additional steps to take beyond that of filing an application. I think, having heard that, then he moved the amendment that he did.

Mr. SINCLAIR: That is quite right.

Mr. BENIDICKSON: I also went on to mention that I have some sympathy with the amendment Mr. Sinclair at that time proposed, because in my experience I have found that those of European origin are practically unanimously anxious to obtain Canadian citizenship. But like Mr. Sinclair, I have had some regrets that those of American origin are rather stubborn in retaining it, notwithstanding long residence in Canada. I had a feeling at the time that no hardship would be caused to those of non-American origin because they would be only too happy to take Canadian citizenship, and it might in some way hasten applications for citizenship from Americans. But having heard the explanation from Mr. Woods this morning, that Americans are not included in the group, and also having heard that the Canadian government was instrumental in sending these Canadian residents of alien origin to the armies of their own country of origin, I certainly will want to support the attitude of the government in seeing that they get the benefits of the Act.

Mr. HERRIDGE: Mr. Chairman, first of all, I must say that I am rather surprised that Mr. Green has set a precedent in asking the government to ignore the committee.

Mr. BROOKS: I think the precedent is already established.

Mr. HERRIDGE: I think Mr. Baker made a very good suggestion, that we could amend the recommendation to the effect that they should express their intention to become Canadian citizens. I have heard throughout the years with regard to the old age pensions, that a person has to be a citizen of this country to receive the old age pension. The argument of the government throughout the years has been consistently that no one in this country should receive money from the taxpayers of the country who has not seen fit to become a Canadian citizen. I think that is very fair. I think it will apply to this Act. I do not see where we are necessarily doing any harm if we ask them, when they come back to Canada, to become Canadian citizens and saying that they will receive these benefits provided they express their intention to become Canadian citizens.

Mr. QUELCH: Mr. Chairman, I think the suggested amendment by Mr. Baker would fully cover the situation. I think Mr. Sinclair is willing to accept it as an amendment. After all, if we allow these men to obtain the benefits so long as they make application for citizenship, we are going as far as we should go, I think. Why should we make these benefits available to people who are not willing to take up the obligations of citizens of this country? I do not think

Mr. Brooks' statement is altogether correct. I know it is not correct in so far as my own district is concerned, because I received protests from the Legion in my district about the foreigners there that were not willing to go into the army. The government apparently was not calling them up and they took the ground that they were not naturalized Canadians and therefore did not have to enlist and did not enlist for the first two or three years of the war. Finally they received notice—I am not sure where this notice came from, whether it came from their own country or whether it came from the government of Canada—that they had to go into our army or the army of their own country. Then they started to enlist. They certainly did not volunteer. They were forced in. If they had joined the Canadian army, that situation would not have developed and they would have been eligible for the war veterans' allowance.

Mr. WINTERS: Mr. Chairman, I think Mr. Sinclair set out his case very well. I think there is a lot of merit in it, and I agree with the last two speakers on this. Mr. Mutch spoke about high ideals. I think if the ideals are such that they should be regarded on such a high level, then other nations should consider this problem on the same level and give us reciprocal arrangements, which I do not believe they are doing, except for the Netherlands.

The CHAIRMAN: The Netherlands government has already agreed to pay the full costs, and the other governments are being negotiated with. That is correct, is it not?

Mr. WOODS: Yes.

Mr. SINCLAIR: Why do not they do it direct?

Mr. WINTERS: I think we must surely do it in terms of reciprocal arrangement. However, I do feel that in view of the undertaking given to these men before they went into the service of the foreign country, the understanding that they were going to get these benefits and also the fact that some of them are receiving the benefits now, we should withdraw this amendment of Mr. Sinclair's and urge that these other countries give reciprocal arrangements at the earliest possible date on the same terms. I would move as an amendment that the words inserted by Mr. Sinclair's amendment in section 3 after the word "Canada" in line 4 and "who is a British subject" be struck out and in section 4 the same words in line 2 after the word "who" and in line 4 the words "and every allied veteran" after the word "Canada" be struck out.

Mr. ROSS: Mr. Baker was not moving an amendment, was he?

Mr. BAKER: Yes.

Mr. ROSS: Well, I think certainly that Mr. Baker's amendment does merit some consideration. I cannot follow this argument that we are buying citizenship here at all. To me the rights of citizenship or the franchise are much more important than the allowance we are discussing now. The matter of citizenship is most important. I think I was one of those who supported Mr. Sinclair's motion wholeheartedly that citizenship should be finalized before the benefits were granted. But if after hearing the deputy this morning, this thing is going to be held up for a number of years through some technicality in the citizenship bill. I am prepared to leave it on the basis that citizenship has been applied for, and take that chance. I think if we are going to make a nation of this country, as we hope to do, we must stress the importance of citizenship. If these people who are going to live in this country want these benefits, surely we should insist that they make application for citizenship before they are granted. I feel very keenly about that point. I have had cases like Mr. Quelch has mentioned, chaps who were living in this country; until there was an urge from somebody else, they did not enlist. I think above all we should encourage citizenship in this country and these people should be asked to make application for citizenship before these benefits are granted.

Mr. MUTCH: On a question of order, Mr. Chairman, Mr. Baker did not move that. He asked if it would be a good thing to do.

The CHAIRMAN: I did not know that you made a motion, Mr. Baker.

Mr. BAKER: I said I so move.

The CHAIRMAN: I did not hear you say you moved it.

Mr. BAKER: Yes, I did.

The CHAIRMAN: The clerk did not get it and I did not get it.

Mr. BAKER: I understand that.

The CHAIRMAN: The effect of your motion, as I understand it, Mr. Baker, would be where it says "who is a British subject" to change that to "who has applied to be a British subject"?

Mr. BAKER: That is right; a Canadian citizen.

Mr. WINTERS: In that case, would I be in order to move an amendment to the amendment, Mr. Chairman?

Mr. SINCLAIR: Not if it is a negative.

The CHAIRMAN: Just let us get this right. Do you want it "British subject" or "Canadian citizen"?

Mr. BAKER: He must file application for Canadian citizenship, for naturalization, so that the benefits will be continued. He is given a longer time to do it, so there will be no discontinuance of his present benefits.

The CHAIRMAN: As I understand your amendment—in order to get this thing straight before we come to you, Mr. Winters—Mr. Baker, it is that in place of "British subject" you want to put in this. "is domiciled and resident in Canada and has applied for Canadian citizenship"?

Mr. BAKER: That is right.

Mr. MERRITT: It should be "has offered to become a British subject" because at the present time one cannot apply to become a Canadian citizen because the Canadian Citizenship Act is not in force.

Mr. BAKER: That is right.

The CHAIRMAN: It was proclaimed on 1st July.

Mr. MERRITT: But it does not come into force until 1st January.

Mr. MUTCH: Do you need a seconder for the motion, Mr. Chairman?

The CHAIRMAN: No.

Mr. BAKER: He should have put his application in.

The CHAIRMAN: Let me get this. Do you want to say, "has filed an application to become a British subject"? Is that satisfactory?

Mr. BAKER: Yes, that is satisfactory.

The CHAIRMAN: Instead of "who is a British subject" you say it should be "who has filed an application to become a British subject" and then the next one would be "every allied veteran who has applied, who has filed application to become a British subject and who within two years from the date of his discharge . . ."

Mr. HERRIDGE: I think Mr. Baker meant "has declared by affidavit his intention to become a Canadian citizen."

Mr. CROLL: It is on application.

Mr. BAKER: By application.

Mr. GUNN: Mr. Chairman, may I just take a moment to clear up one point? I think somebody has mentioned that a volunteer may apply, file his intention to apply for citizenship within one year; at least at the end of one year from his taking up residence in this country. That is only partly correct. Under

the old Act, which I have before me, that year only applies to where he has had four additional years in some other British dominion.

Mr. CROLL: Oh, no. Under the Act—and I looked it up yesterday—from the time he has legally entered into this country, he can immediately make application.

The CHAIRMAN: No. That is under the new Act, which is not in force.

Mr. CROLL: That is right.

The CHAIRMAN: Bear in mind that this Act does not come into force until the beginning of next year.

Mr. CROLL: Yes, that is right.

The CHAIRMAN: He cannot file an application to satisfy this Act until the beginning of next year. It means that these boys who have already served as our comrades in arms will have to discontinue their university and technical training and we will discontinue these benefits to them.

Mr. SINCLAIR: When I accepted Mr. Baker's amendment, I had in view the fact that they cannot qualify by residence as yet. I should like to say that if a declaration is filed or an affidavit just to the Veterans Affairs Department of the intent to become a Canadian citizen, I think that would satisfy everybody in the country, because actually many of these chaps whom we are disqualifying, cannot file an application even to be a British subject because of their war service not counting. They have not got their residence qualifications. So far as I am concerned, what I had understood by your amendment was that they should declare their intention by affidavit to the Veterans Affairs Department at the time they applied for their benefit; their getting the benefits depended on their becoming British subjects or Canadian citizens when they could.

Mr. BAKER: That is satisfactory.

The CHAIRMAN: Is that your wish, Mr. Baker?

Mr. BAKER: Yes.

The CHAIRMAN: We will embody that in actual formal wording as best we can, that they should have indicated their intention, by affidavit filed with the application, that they intend to become British subjects.

Mr. MUTCH: You mean if it carries?

The CHAIRMAN: Yes. That is the motion of Mr. Baker, as I understand it. Did you say you wanted to move an amendment, Mr. Winters?

Mr. WINTERS: I will move an amendment to the amendment, if I can, if I am in order.

The CHAIRMAN: Yes.

Mr. WINTERS: In that case, I would make my amendment an amendment to that amendment, in the same form as I did before.

The CHAIRMAN: I see. That would simply have it that the basis of entitlement should be domicile at the time of entry into the forces and domicile and residence in Canada at the present time.

Mr. WINTERS: Yes.

The CHAIRMAN: The same as the bill?

Mr. WINTERS: Yes.

Some Hon. MEMBERS: Question.

The CHAIRMAN: We have the amendment of Mr. Winters. All those in favour?

Mr. MERRITT: Just a minute, Mr. Chairman. I should like to say one word about that. The proposed amendment of Mr. Baker has a great deal to be

said for it, and that of Mr. Sinclair. However they bring it out between themselves, that has a great deal of merit in it.

An Hon. MEMBER: Oh, yes.

Mr. MERRITT: I may say that is not Merritt with two R's and two T's although I am supporting it. The point I want to make is this. It sticks in the back of my mind that anyone who makes such a declaration under United States law thereby forfeits his American citizenship. The class that I am particularly concerned with is the same class that Mr. Benidickson is concerned with, the American or any other national not who joined these forces in Canada at the request of the Canadian government or with the assistance of the Canadian government, but the class who stayed out of the war, who lived in Canada and when their own country went into the war they simply went and joined the forces of their own country, voluntarily and of their own accord and without any suggestion from the Canadian government and who now come back and engage in the work they were engaged in before the war and apply for our benefits. So it seems to me that this amendment will keep away from the difficulty that has been raised, because it will not require any person to become a British subject before he gets his benefits, and at the same time it will probably deter large numbers of those who do not intend to become Canadian citizens from making application for the benefits. I think it probably cuts the Gordian knot, or cuts the baby in half.

Another point I want to make is this. We have had a very good case put up against the recommendation of the committee which was passed at a previous meeting, but I have not heard from the department any attempt at drafting which would meet both the view the department holds and the view that was very strongly expressed by the members of the committee. If the department wish to protect those to whom they are obligated by agreement with foreign countries or by some moral responsibility since they encouraged the raising of forces in Canada, perhaps the restriction of the whole bill to those people to whom they are under responsibility might serve the case; or perhaps the draftsmen in the department might find some other way of harmonizing the two views. But I think it is entirely wrong to suggest that the view that Mr. Sinclair was right originally is not still strongly held in the committee; and if it is a mere drafting difference between us, then I should think rather than simply saying that Mr. Sinclair's idea is impracticable, the officers of the department might make an attempt to draft something which would suit all the views.

Mr. Ross: It is 5 minutes after 1, Mr. Chairman.

Mr. BROOKS: That suggestion of Mr. Baker's, seems to me to be more or less like a subterfuge. I do not see how you can say that a man will make an affidavit with the intention to become a Canadian citizen now. In two or three months he may change his mind and he will just do it in order to get the benefits under this Act. You cannot compel him to become a Canadian citizen later on. The affidavit amounts to nothing. A man who intends to become a Canadian citizen will become a Canadian citizen under this Act anyway, especially if we use them properly at the present time.

Mr. QUELCH: If a man made application and made an affidavit out to the effect that he is going to apply for citizenship, then within a certain period of time if he did not do it, the allowance could be stopped.

Some Hon. MEMBERS: Question.

Mr. SINCLAIR: Mr. Chairman, I rise to my first point of order since I have been here. On the point of order, Mr. Chairman, Mr. Winters' amendment is clearly out of order because it just refers to the original motion.

Mr. WINTERS: Your amendment still stands.

The CHAIRMAN: No; let us get this right; the adoption of Mr. Baker's amendment would say this: it would leave in the Act the qualification that they must indicate that they intend to become a British subject. If that motion carried that would be an amendment. Mr. Winters' amendment was that anything having to do with being a British subject intentionally or otherwise should be taken out of the proposed bill. So, my feeling is that it is a perfectly proper amendment.

Mr. Ross: How would it change the bill?

The CHAIRMAN:—

Subject to the provisions of this Act, every allied veteran who within two years from the date of his discharge of service or the 8th day of May, 1945, whichever is the later, is domiciled and resident in Canada shall be deemed to have served in the forces of His Majesty other than the Canadian forces for the purposes of the Veterans' Rehabilitation Act,

and so on.

Mr. Ross: That is the original motion.

The CHAIRMAN: No, as I understand it, we recommended a certain proposed bill. Mr. Baker has suggested that we change the wording of this bill. Putting Mr. Baker's motion to carry the bill would read: is domiciled and resident in Canada and has filed a declaration in writing in the form of an affidavit that he intends to become a British subject. That is the way it would be. Mr. Winters has moved an amendment thereto that everything having reference to a British subject should be struck out of the proposed bill.

Mr. Ross: It is only a negative. It does not change the bill.

The CHAIRMAN: Just to get the sentiment of the committee on this thing, it is clear that a vote for Mr. Winters' amendment is that we go back to the original bill; and a vote for Mr. Baker's amendment would be that a declaration of intention would be sufficient. All those in favour of Mr. Winters' suggestion, please raise their hands? Twelve. All those against? Nine. So Mr. Winters' amendment is carried. Now, shall I report the bill with this amendment? Carried. Is the bill carried with this amendment?

Carried.

The committee adjourned to meet again on Thursday, July 11, at 11 o'clock a.m.

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*Canada Veterans Affairs
- Spec Comm, 1946*

SESSION 1946

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 44

THURSDAY, JULY 11, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister; Mr. W. G. Gunn, Departmental Counsel, and Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs;
Mr. F. J. G. Garneau, O.B.E., Chairman, War Veterans' Allowance Board.

OTTAWA
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1946



REPORTS TO THE HOUSE

FRIDAY, July 12, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

SEVENTEENTH REPORT

Your Committee has considered the provisions of The War Veterans' Allowance Act, the regulations made thereunder and amending Orders in Council and has embodied its conclusions in a draft of a bill respecting allowances for war veterans and dependents, a copy of which is appended hereto. Your Committee recommends that the Government consider the advisability of introducing such a bill.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL

An Act respecting Allowances for War Veterans and Dependents.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. This Act may be cited as *The War Veterans' Allowance Act, 1946*.

2. In this Act, unless the context otherwise requires:

- (a) "allowance" means an allowance under this Act;
- (b) "applicant" means any person who has made application for an allowance or any person on whose behalf application for an allowance has been made;
- (c) "Board" means the War Veterans' Allowance Board constituted by this Act;
- (d) "child" includes a step-child, an adopted child or a foster child of a veteran;
- (e) "Department" means the Department of Veterans Affairs;
- (f) "Minister" means the Minister of Veterans Affairs;
- (g) "orphan" means a child of a veteran who is bereft by death of both father and mother;
- (h) "recipient" means any person to whom or on whose behalf payment of an allowance is authorized by the Board;
- (i) "the war" means
 - (i) the North West Rebellion of the year one thousand eight hundred and eight-five;
 - (ii) the South African War, which for the purposes of this Act shall be deemed to have commenced on the eleventh day of October, one thousand eight hundred and ninety-nine and to have concluded on the thirty-first day of May, one thousand nine hundred and two;
 - (iii) World War I, which for the purposes of this Act shall be deemed to have commenced on the fourth day of August, one thousand nine hundred and fourteen and to have concluded on the thirty-first day of August, one thousand nine hundred and twenty-one; or
 - (iv) World War II which commenced in September, one thousand nine hundred and thirty-nine;
- (j) "theatre of actual war" means:—
 - (i) in the case of the North West Rebellion, wherever the veteran served;
 - (ii) in the case of the South African War, the zone of the military operations in South Africa in which the forces of the United Kingdom of Great Britain and Ireland were engaged prior to the first day of June, one thousand nine hundred and two;
 - (iii) in the case of World War I:
 - (a) As applied to the military or air forces, the zone of the allied armies on the continent of Europe, of Asia, or of Africa or wherever the veteran has sustained injury or contracted disease directly by a hostile act of the enemy;
 - (b) as applied to the naval forces, the high seas or wherever contact has been made with hostile forces of the enemy, or wherever the veteran has sustained injury or contracted disease directly by a hostile act of the enemy;

(iv) in the case of World War II, any place outside of the Western Hemisphere, any place in a seagoing ship of war, or any place in an aircraft outside of Canada and the United States of America and the territorial waters thereof; for the purposes of this subparagraph the expression "Western Hemisphere" means the continents of North and South America, the islands adjacent thereto and the territorial waters thereof, including Newfoundland, Bermuda and the West Indies, but excluding Greenland, Iceland and the Aleutian Islands;

(k) "widow" means the widow of a veteran.

3. (1) There shall be a Board to be known as the War Veterans' Allowance Board which, subject to subsection four of this section, shall consist of not less than three nor more than five members to be appointed by the Governor in Council; provided that the Governor in Council may appoint, to be additional members of the Board, without remuneration as such, the Deputy Minister and as his alternate the Assistant Deputy Minister and one other person who is not on the staff of the Department.

(2) One of the members shall be appointed by the Governor in Council to be Chairman of the Board.

(3) The person now holding the office of Chairman of the Board shall continue to hold such office during pleasure.

(4) The Governor in Council may from time to time appoint not more than three additional temporary members.

(5) Every temporary member shall be appointed for a period not exceeding one year but on the expiration of his term of office shall be eligible for re-appointment.

(6) The Chairman of the Board shall have the rank and standing of a deputy head of a department for the purposes of this Act, and shall have control and direction over the disposition of and duties to be performed by the other members and shall have control over the duties to be performed by such staff as may be assigned to the Board by the Department.

(7) The Chairman shall be paid a salary of eight thousand dollars per annum and each of the other members, including temporary members, shall be paid at the rate of six thousand five hundred dollars per annum.

(8) Two members of the Board shall constitute a quorum.

(9) Each member shall devote the whole of his time to the performance of his duties under this Act, and shall not accept or hold any office or employment which the Governor in Council may declare to be inconsistent with the performance of his duties under this Act.

(10) The Governor in Council, upon the retirement of any member of the Board who has served upon the Board

(a) at least twenty years; or

(b) at least ten years; and

(i) has reached the age of sixty-five years; or

(ii) is physically or mentally incapacitated.

and is not entitled to superannuation under the *Civil Service Superannuation Act*, may grant to him a pension for his life not exceeding one-third of the salary to which he was entitled as such member.

(11) On the advice of the Board and with the approval of the Governor in Council the Minister may make regulations relating to the manner of payment of allowances and the procedure to be followed in matters coming before the Board for adjudication.

(12) Subject to the provisions of this Act, the Board shall have full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any allowance under this Act, and to the recovery of any overpayment which may have been made.

PART I

ALLOWANCE PAYABLE TO A VETERAN

4. In this Part, unless the context otherwise requires "veteran" means

- (a) any former member of the North West Field Forces who served in a theatre of actual war in the North West Rebellion;
- (b) any former member of a Canadian contingent who served in a theatre of actual war during the South African war, or any former member of His Majesty's forces, other than Canadian forces, who served in a theatre of actual war during the South African war and was domiciled in Canada immediately prior to the eleventh day of October, one thousand eight hundred and ninety-nine, if in either case the former member landed in South Africa prior to the first day of June, one thousand nine hundred and two;
- (c) any former member of His Majesty's Canadian forces who served during World War I or World War II, in a theatre of actual war, or who is in receipt of a pension for injury or disease incurred or aggravated during his service in such forces, or who, pursuant to the provisions of the *Pension Act* has accepted a final payment in lieu of annual pension in respect of a disability rated at five per centum or more of total disability;
- (d) any former member of any of His Majesty's forces, other than Canadian forces, or of any of the forces of any of His Majesty's allies who was domiciled in Canada at the time he joined any such force for the purpose of the war and who served during such war in a theatre of actual war, or is in receipt of a pension for an injury or disease incurred or aggravated during his service in such force, or has, in respect of a disability rated at more than five per centum of total disability, received, pursuant to the laws affecting the members of the forces with which he served, a final payment similar or analogous to the final payment authorized by the *Pension Act*.

5. Subject to the provisions of this Act allowances under this Part shall on application be payable with the approval of the Board to

- (a) any male veteran who has attained the age of sixty years;
- (b) any female veteran who has attained the age of fifty-five years;
- (c) any veteran who, in the opinion of the Board,
 - (i) is permanently unemployable because of physical or mental disability; or
 - (ii) is incapable and unlikely to become capable of maintaining himself or herself because of economic handicaps committal or physical disability or insufficiency.

6. (1) The maximum allowance payable in any year to an unmarried veteran or a veteran bereft by death of his or her spouse, without child or children, shall be three hundred and sixty-five dollars, less the amount of any income of the recipient in excess of one hundred and twenty-five dollars per annum.

(2) The maximum allowance payable in any year to

- (a) a married veteran shall be seven hundred and thirty dollars, less the total amount of any incomes of such veteran and his or her spouse in excess of two hundred and fifty dollars per annum.
- (b) a veteran bereft by death of his or her spouse with a child or children shall be seven hundred and thirty dollars, less the amount of any income of such veteran in excess of two hundred and fifty dollars per annum.

PART II

ALLOWANCES PAYABLE TO WIDOWS AND ORPHANS

7. (1) This Part applies to widows of veterans as defined in section four of this Act and to orphans who are children of veterans so defined.

(2) Subject to the provisions of this Act, allowances shall on application be payable with the approval of the Board to

(a) a widow who

(i) has attained the age of fifty-five years; or

(ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or

(iii) is, in the opinion of the Board, incapable or unlikely to become capable of maintaining herself because of economic handicaps combined with physical or mental disability or insufficiency;

(b) an orphan.

8. (1) The maximum allowance payable in any year to a widow without child or children shall be three hundred and sixty-five dollars, less the amount of any income of the recipient in excess of one hundred and twenty-five dollars per annum.

(2) The maximum allowance payable in any year to a widow with a child or children shall be seven hundred and thirty dollars less the amount of any income of the recipient in excess of two hundred and fifty dollars per annum.

(3) The maximum allowance payable in any year to or on behalf of an orphan or orphans shall be three hundred and sixty dollars in the case of one child of a veteran, six hundred and forty-eight dollars in the case of two children of the veteran and seven hundred and thirty dollars in the case of more than two children of the veteran, less the amount of any income of the orphan or orphans.

PART III

ALLOWANCES PAYABLE IN RESPECT OF CERTAIN OTHER EX-SERVICE PERSONS

9. In this Part, unless the context otherwise requires, "veteran" means

(a) a person who served during World War I and World War II as a member of His Majesty's Canadian forces;

(b) a person who served during World War I as a member of His Majesty's forces other than Canadian forces, was domiciled in Canada when he became a member of the said forces and was a member of His Majesty's Canadian forces during World War II.

10. Subject to the provisions of this Act, allowances under this part shall on application be payable, with the approval of the Board, to

(a) any male veteran who has attained the age of sixty years;

(b) any female veteran who has attained the age of fifty-five years;

(c) any veteran who, in the opinion of the Board,

(i) is permanently unemployable because of physical or mental disability; or

(ii) is incapable and unlikely to become capable of maintaining himself or herself because of economic handicaps combined with physical or mental disability or insufficiency;

(d) a widow who

(i) has attained the age of fifty-five years; or

(ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or

(iii) is, in the opinion of the Board, incapable and unlikely to become capable of maintaining herself because of economic handicaps combined with physical or mental disability or insufficiency;

(e) an orphan.

11. (1) The maximum allowance payable in any year to an unmarried veteran or a veteran bereft by death of his or her spouse or a widow, without child or children, shall be three hundred and sixty-five dollars, less the amount of any income of the recipient in excess of one hundred and twenty-five dollars per annum.

(2) The maximum allowance payable in any year to

(a) a married veteran shall be seven hundred and thirty dollars, less the total amount of any incomes of such veteran and his or her spouse in excess of two hundred and fifty dollars per annum;

(b) a veteran bereft by death of his or her spouse, or a widow with a child or children, shall be seven hundred and thirty dollars, less the amount of any income of such recipient in excess of two hundred and fifty dollars per annum.

(3) The maximum allowance payable in any year to or on behalf of an orphan or orphans shall be three hundred and sixty dollars in the case of one child of a veteran, six hundred and forty-eight dollars in the case of two children of the veteran and seven hundred and thirty dollars in the case of more than two children of the veteran; less the amount of any income of the orphan or orphans.

PART IV.

GENERAL.

12. (1) No allowance shall be paid unless the applicant has been domiciled in Canada for three months immediately preceding the date of the proposed commencement of the allowance.

(2) No allowance shall be awarded or continued while the applicant or recipient is in receipt of an old age pension under the laws of any province.

13. Notwithstanding anything in this Act no deduction shall be made from any allowance by reason of—

(a) any sum payable under section twenty-six of the *Pension Act*;

(b) any additional allowance payable under the *Pension Act* on account of any children;

(c) any pension or grant received by reason of a military decoration;

(d) any casual earnings of the recipient to the extent of one hundred and twenty-five dollars in any year;

(e) any interest in premises in which the recipient resides unless the value of such interest exceeds four thousand dollars, in which case there shall be deducted from the allowance the annual value of such interest in excess of four thousand dollars;

(f) any gratuity paid or credit granted under *The War Service Grants Act, 1944*;

(g) Receipt of money or assistance from any province or municipality by way of Mothers' Allowance or by way of relief to dependent children;

(h) any allowance paid under *The Family Allowances Act, 1944*;

(i) receipt of moneys of the class specifically excepted from the meaning of "income" as defined in the Regulations under the *Old Age Pensions Act*;

(j) the receipt of unearned income to the extent of twenty-five dollars per annum.

14. When it appears to the Board that any applicant or recipient has made a voluntary assignment or transfer of property for the purpose of qualifying for an allowance or for a larger allowance than he might otherwise have been entitled to, the income derivable from such property shall, in determining the amount of allowance, if any, which such person should receive, be taken into account as if the assignment or transfer had not been made.

15. Where in any case the Board is of opinion that the recipient would be likely to apply the amount of any allowance otherwise than to the best advantage, it may direct the payments to be made to and administered by such person as it selects.

16. For the purpose of ensuring continued occupancy by a recipient of a home acquired by him under the *Soldier Settlement Act* or *The Veterans' Land Act, 1942*, the Board may, with the consent in writing of the recipient, enter into an arrangement with the Director of Soldier Settlement, or The Director, *The Veterans' Land Act*, as the case may be, to pay to him out of the recipient's allowance an amount not exceeding fifteen dollars per month to be applied against the indebtedness of the recipient under the *Soldier Settlement Act* or *The Veterans' Land Act, 1942*.

17. (1) After the death of any recipient an amount not exceeding the sum of twelve monthly instalments of the allowance which the recipient was receiving at the time of his death may, at the discretion of the Board, be paid to his widow or for the benefit of any child of the recipient.

(2) After the death of the wife or child of a recipient the allowance which the recipient was receiving by reason of the wife or child, may at the discretion of the Board, be continued to be paid thereafter for a period of one month.

18. (1) No allowance shall be paid to or on behalf of a child unless this child is

- (a) a male child under the age of sixteen years;
- (b) a female child under the age of seventeen years;
- (c) under the age of twenty-one years and is following and making satisfactory progress in a course of instruction approved by the Board; or
- (d) under the age of twenty-one years and is prevented by physical or mental incapacity from earning a livelihood.

(2) Notwithstanding anything contained in subsection one of this section, allowance may be paid under this Act on behalf of a child over the age of twenty-one years who is prevented by physical or mental incapacity from earning a livelihood where such child is residing with his or her surviving parent: provided that no allowance shall be paid unless such incapacity occurred before such child attained the age of twenty-one years.

19. (1) No allowance in excess of three hundred and sixty-five dollars in any one year shall be paid to a married person without a child or children unless such person resides with his or her spouse.

(2) No allowance in excess of three hundred and sixty-five dollars in any one year shall be paid to a person bereft by death of his or her spouse but having a child or children, unless the child or children reside with such person.

(3) Subject to subsection four of this section, no allowance shall be paid to a widow unless she was living with or being maintained by her husband at the time of his death.

(4) The Board may exempt any widow from the operation of subsection three of this section in any case where it deems it just and reasonable so to do.

19A. Notwithstanding anything in this Act, no allowance shall be paid to a widow of a veteran who died within one year from the date of his marriage unless such veteran was at the time of his marriage, in the opinion of the Board, in such a condition of health as would justify him having a reasonable expectation of life for at least a year.

20. (1) Every allowance shall be subject to review from time to time and the Board may, for the purpose of any such review, require the recipient to submit a statement of such facts as it may consider relevant to determine his right to have any allowance continued.

(2) Such statement shall be verified in such manner as the Board may direct and in the event the recipient fails to furnish a statement as required, the Board may reduce or suspend payment of the allowance.

21. (1) Subject to the provisions of subsections two and three of this section, payment of an allowance shall be suspended while the recipient is:—

- (a) a prisoner undergoing punishment for an offence;
- (b) resident out of Canada; or
- (c) being maintained at the expense of the Department as an inmate of any institution.

(2) The Board may, in its discretion, continue payment of part of the allowance to the dependents of any recipient:—

- (a) for a period not exceeding twelve months, when such recipient is a prisoner undergoing punishment; or
- (b) during such time as any recipient is maintained at the expense of the Department as an inmate of any institution.

(3) The Board may in its discretion continue payment for a period not exceeding three months of part of the allowance to a recipient without dependents when such recipient is maintained at the expense of the Department as an inmate of any institution, and who would otherwise suffer hardship if no part of the allowance were paid.

22. The Board, and any person acting under its authority in that behalf, shall have all the powers of a commissioner under Part II of the *Inquiries Act* for the purpose of any investigation required to be made in order to determine whether any allowance should be made, suspended or revoked, what should be the amount of any allowance, or whether payment of any allowance should be made to the recipient or to some other person for administration on his behalf.

23. The Board shall have the right, for the purpose of ascertaining the age of any applicant, to obtain any information from the Dominion Bureau of Statistics on the subject of the age of such applicant which may be contained in the returns of any census taken more than twenty years before the date of the application for such information.

24. The amount of any payments of allowance made by reason of wilful non-disclosure of facts or of fraudulent misrepresentations shall be recoverable from the recipient as a debt due to the Crown.

25. Except as provided in section sixteen of this Act, no allowance shall be subject to alienation or transfer by the recipient, or to seizure in satisfaction of any claim against him.

26. Except as to the power, authority and jurisdiction of the Board to deal with and to adjudicate upon applications for allowances under this Act, the Minister shall be charged with administration of this Act.

27. The right of any veteran to receive a pension under the *Pension Act* shall not be affected by anything in this Act or by the receipt of any allowance thereunder.

28. The *War Veterans' Allowance Act*, and the Orders in Council mentioned in the Schedule to this Act are repealed.

29. This Act shall come into force on the first day of August, one thousand nine hundred and forty-six.

SCHEDULE

ORDERS IN COUNCIL REPEALED

<i>Number</i>	<i>Date</i>
P.C. 113/9400	December 3, 1941
P.C. 1/3241	April 20, 1943
P.C. 101/6395	August 13, 1943
P.C. 2/602	January 31, 1944
P.C. 160/7746	October 4, 1944
P.C. 161/7746	October 4, 1944
P.C. 162/7746	October 4, 1944
P.C. 164/7746	October 4, 1944
P.C. 191/8990	November 29, 1944
P.C. 2971	April 24, 1945

FRIDAY, July 12, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as an

EIGHTEENTH REPORT

Your Committee recommends that section nine of The War Service Grants Act, 1944, as enacted by Chapter 38 of the Statutes of 1945, be amended by repealing subparagraph (i) of paragraph (a) of subsection one and by substituting the following therefor:

(i) under The National Housing Act, 1944, in an amount not exceeding two-thirds of the difference between the purchase price and the amount of the loan made under that Act; or.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 11, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Abbott, Adamson, Archibald, Baker, Belzile, Benidickson, Bentley, Blair, Blanchette, Brooks, Claxton, Cleaver, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Drope, Emmerson, Fulton, Gauthier (*Portneuf*), Gibson (*Hamilton West*), Gillis, Green, Harkness, Harris (*Grey-Bruce*), Herridge, Jutras, Langlois, Lapointe, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Mitchell, Moore, Mutch, Pearkes, Quelch, Ross (*Souris*), Sinclair (*Vancouver N.*), Tremblay, Viau, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. F. J. G. Garneau, O.B.E., Chairman, War Veterans' Allowance Board.

Consideration was resumed of a draft of a proposed bill respecting allowances for war veterans and dependents.

Subclause (1) of clause 3 was amended by the addition of the following words immediately after the word *Council* in line five thereof:—

provided that the Governor in Council may appoint, to be additional members of the Board, without remuneration as such, the Deputy Minister and as his alternate the Assistant Deputy Minister and one other person who is not on the staff of the Department.

Subclause (6) of clause 3 was amended by the deletion of the words *shall have the rank and standing of a deputy head of a department for the purposes of this Act*, and immediately following the word *Board* in line one thereof.

Clause 3 was amended by the addition of the following as subclause (7):—

(7) The Chairman shall be paid a salary of eight thousand dollars per annum and each of the other members, including temporary members, shall be paid at the rate of six thousand five hundred dollars per annum.

Subclauses (7), (8), (9), (10) and (11) were renumbered as (8), (9), (10), (11) and (12) respectively.

Clause 3, as amended, was adopted.

By leave of the Committee, Mr. Merritt amended his motion of July 2 to read:—

That paragraph (c) of clause four be amended by striking out the words *in a theatre of actual war* after the words *World War II* in the second line thereof and substituting therefor the words *outside the Western Hemisphere*.

After discussion, and the question having been put in the said motion, it was resolved in the negative.

Mr. Merritt moved that paragraph (d) of clause four be amended by inserting the following words after the word *war* where it first appears in line five thereof:—

or has been resident in Canada on or since the first of September, 1930, or who may have had continuous residence in Canada for a period of twenty years.

After discussion, and the question having been put on the said motion, it was resolved in the negative on the following recorded vote:—

Yeas: Messrs. Archibald, Bentley, Blair, Brooks, Claxton, Drope, Fulton, Gillis, Green, Harkness, Herridge, Lennard, McKay, Merritt, Moore, Pearkes, Ross (*Souris*), Wright—18.

Nays: Messrs. Abbott, Baker, Belzile, Benidickson, Blanchette, Croll, Cruickshank, Dion (*Lake St. John-Roberval*), Emmerson, Gauthier (*Portneuf*), Gibson (*Hamilton West*), Harris (*Grey-Bruce*), Jutras, Langlois, Lapointe, Mackenzie, Macdonald (*Halifax*), MacNaught, Mitchell, Mutch, Quelch, Sinclair (*Vancouver N.*), Tremblay, Viau, Winkler, Winters—26.

Clause 4 was adopted.

Mr. Wright moved that clause 6 be amended by the deletion of the words *one hundred and twenty-five dollars per annum* in lines five and six thereof, *two hundred and fifty dollars per annum* in lines ten and eleven, and *two hundred and fifty dollars per annum* in line fifteen and the substitution therefor of the words *two hundred and fifty dollars per annum including casual earnings* in lines five and six and *three hundred and seventy-five dollars per annum including casual earnings* in lines ten and eleven and line fifteen.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Clause 6 was adopted.

On motion of Mr. Mutch clause 7 was amended by deleting paragraph (a) of subclause (2) and substituting the following therefor:—

(a) a widow who

- (i) has attained the age of fifty-five years; or
- (ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or
- (iii) is, in the opinion of the Board, incapable or unlikely to become capable of maintaining herself because of economic handicaps combined with physical or mental disability or insufficiency.

Clause 7, as amended, was adopted.

Clause 8, as previously amended, was adopted.

Mr. Pearkes moved that clause 9 be amended by deleting paragraph (b) thereof and substituting the following therefor:—

- (b) a person who served during World War I as a member of His Majesty's forces other than Canadian forces, is domiciled in Canada and was a member of His Majesty's Canadian forces during World War II.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Clause 11, as previously amended, was adopted.

At 1.00 o'clock p.m., the Committee adjourned until 4.00 o'clock p.m., this day.

AFTERNOON SITTING

The Special Committee on Veterans Affairs resumed at 4.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Abbott, Adamson, Baker, Belzile, Bentley, Blanchette, Bridges, Brooks, Cleaver, Cockeram, Croll, Dion (*Lake St. John-Roberval*), Emmerson, Fulton, Gibson (*Hamilton West*), Gillis, Green, Harris, (*Grey-Bruce*), Herridge, Jutras, Langlois, Lapointe, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Mitchell, Mutch, Queleh, Ross (*Souris*), Sinclair, (*Vancouver N.*), Tremblay, Tucker, Viau, Whitman, Winkler, Winters, Wright.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs.

Consideration was resumed of a draft of a proposed bill respecting allowances for war veterans and dependents.

Clause 9 was adopted.

The draft bill was amended by deleting clause 10 and by substituting the following therefor:—

10. Subject to the provisions of this Act, allowances under this part shall on application be payable with the approval of the Board to

- (a) any male veteran who has attained the age of sixty years;
- (b) any female veteran who has attained the age of fifty-five years;
- (c) any veteran who, in the opinion of the Board, (i) is permanently unemployable because of physical or mental disability; or (ii) is incapable and unlikely to become capable of maintaining himself or herself because of economic handicaps combined with physical or mental disability or insufficiency;
- (d) a widower who (i) has attained the age of fifty-five years; or (ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or (iii) is, in the opinion of the Board, incapable and unlikely to become capable of maintaining herself because of economic handicaps combined with physical or mental disability or insufficiency;
- (e) an orphan.

Clause 13 was adopted.

Paragraph (c) of subclause (1) of clause 18 was amended by deleting the word *nineteen* in line one thereof and substituting therefor the word *twenty-one*.

Clause 18, as amended, and clause 19 were adopted.

Mr. Fulton moved that the Committee recommend that the regulations be drafted so as to provide that residence out of Canada for more than 30 days need not necessarily disqualify a veteran from receipt of allowance, but that the Board have discretionary power to consider the purpose of the absence from Canada.

After discussion, and the question having been put on the said motion, it was resolved in the affirmative.

The draft bill was further amended by the addition of the following as clause 26:

26. Except as to the power, authority and jurisdiction of the Board to deal with and to adjudicate upon applications for allowances under this Act, the Minister shall be charged with administration of this Act.

The preamble and title were adopted.

On motion of Mr. Mutch, the draft of the proposed bill was adopted and the Chairman ordered to report to the house accordingly.

The Committee proceeded to consideration of The War Service Grants Act, 1944.

General Burns was called, heard, questioned and retired.

On motion of Mr. Sinclair, it was resolved that the Committee recommend that section nine of The War Service Grants Act, 1944, as enacted by Chapter 38 of the Statutes of 1945, be amended by repealing subparagraph (i) of paragraph (a) of subsection one and by substituting the following therefor:—

“(i) under The National Housing Act, 1944, in an amount not exceeding two-thirds of the difference between the purchase price and the amount of the loan made under that Act; or”

At 6.00 o'clock p.m., the Committee adjourned until Monday, July 15, at 11.00 o'clock, a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

July 11, 1946.

The Special Committee on Veterans' Affairs met this day at 11 o'clock a.m. The chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, the minister has a short statement to read:

Hon. Mr. MACKENZIE: This is in regard to the Canadian fire fighters.

The medal being established to commemorate the victorious conclusion of the past war will be known as "The War Medal 1939-45" and not as "The Victory Medal". It is expected that the regulations covering the award will be issued shortly and a copy will be sent to you. However it can be stated that members of the Corps of Canadian Fire Fighters, who served overseas, will be eligible for the medal.

Mr. SINCLAIR: Is that one more medal we are going to get?

Mr. WOODS: They already get one medal.

Hon. Mr. MACKENZIE: Yes.

Mr. WOODS: I think it is the Victory Medal they get now.

The CHAIRMAN: The first item we will try to dispose of this morning is the question of salaries. That is not in the draft of the proposed bill that is in front of us, but it should be in the bill which is recommended.

Mr. GREEN: The question of which, Mr. Chairman?

The CHAIRMAN: Of salaries for the war veterans' allowance board. The amount that is suggested to be written into the bill is \$8,000 for the chairman, and \$6,500 for the members. That was not put in the proposed bill because the government was giving consideration to it, but we should put it in this proposed bill before we report it.

Mr. CROLL: How does that compare with what it was before?

Colonel GARNEAU: It was \$6,000 and \$7,000 before.

The CHAIRMAN: It was \$6,000 and \$7,000 and now it is \$6,500 and \$8,000.

Mr. GREEN: What section would that be?

The CHAIRMAN: That would go into section 3.

Hon. Mr. MACKENZIE: The old rates were in the former statute.

Mr. GUNN: That would be Subsection (3), Mr. Chairman.

The CHAIRMAN: Yes. It would come after subsection (6), I guess. We could just put it in the way it is in the other Act, I suppose, with the amount changed.

Mr. GUNN: I think it might properly go in as a new subsection (7) of section 3 and the other sections be renumbered accordingly. It ought to read like this:

The Chairman shall be paid a salary of \$8,000 per annum and each of the other members, including temporary members, shall be paid at the rate of \$6,500 per annum.

I recommend that it be put in there immediately following subsection (6) and that the other sections be renumbered.

The CHAIRMAN: May we have a motion to that effect?

Mr. BENTLEY: Mr. Chairman, just where are we, please?

The CHAIRMAN: The item in regard to salaries of the board is not in the draft of this proposed bill. It was left out because the government was carefully considering the amounts which they thought should be set. Before we report the bill it should state them. This is supposed to be a complete bill and we should have an item in about salaries. The government has come to the conclusion that it should recommend \$8,000 for the chairman and \$6,500 for the other members of the board. Formerly the salaries were \$7,000 and \$6,000. The departmental solicitor has suggested they be inserted as subsection (7) of section 2 and has indicated the form in which he feels it would be proper to draft it.

Mr. WOODS: Section 3, Mr. Chairman.

The CHAIRMAN: Yes, section 3. He has suggested that it be inserted as subsection (7) of section 3, and that the other sections be renumbered accordingly.

Mr. CROLL: I would so move

The CHAIRMAN: I have a motion from Mr. Croll that that section be inserted and the other sections be renumbered.

Carried.

Mr. GREEN: Mr. Chairman, in the Act as it stands now there is provision in section 3, subsection (1) for the appointment of additional members of the board without remuneration as such. Is that provision being deleted in the new bill?

Hon. Mr. MACKENZIE: No. That is the Legion.

Mr. GREEN: As I understand it, that was done to make it possible to appoint a member of the Legion.

Hon. Mr. MACKENZIE: That is right.

The CHAIRMAN: I was wondering if that is continued in the new bill. I do not think it is.

Hon. Mr. MACKENZIE: I have no knowledge of that. I am informed now that it was deleted by the board. I think that should be kept in.

Colonel GARNEAU: I have no objection to that.

Hon. Mr. MACKENZIE: There is no objection from the board. I did not know about that.

The CHAIRMAN: What section is that?

Mr. WOODS: The former section to which Mr. Green refers provided that the board shall comprise a chairman and two members, a board of three, in addition to which it was provided as liaison with the department, the Governor in Council might appoint the deputy minister or, in his absence the assistant deputy, and also a representative of organized veterans as a whole. That has been deleted in this bill and the bill as it is presented to the committee now just provides for the board and chairman of not less than 3 and not more than 5 members.

Mr. GREEN: Is that deletion wise?

Hon. Mr. MACKENZIE: I do not think so; I think that provision should be kept in.

Mr. GUNN: Mr. Chairman, I may say that the draftsman received his instructions from the former chairman, the immediate predecessor of the present chairman.

Hon. Mr. MACKENZIE: He did not get that from the minister; I can tell you that.

Mr. GUNN: I assumed it was considered by the department.

Hon. Mr. MACKENZIE: I think it should be kept in the bill.

Mr. GUNN: I suggest we add a proviso to the effect of what is stated in the former section.

Hon. Mr. MACKENZIE: Yes.

Mr. GUNN: The proviso reads—

The CHAIRMAN: Order, please, gentlemen.

Mr. GUNN: This might be added to subsection (1) of section 3 as a proviso to the subsection: "Provided that the Governor in Council may appoint, to be additional members of the board, without remuneration as such, the deputy minister and, as his alternate, the assistant deputy minister, and one other person who is not on the staff of the department."

The CHAIRMAN: Have I a motion to insert that at the end of section 3, subsection (1)?

Mr. GREEN: I would so move.

The CHAIRMAN: Shall the motion carry?

Carried.

The other section about salaries is carried. The other matter that was left over was this.

Mr. WOODS: Mr. Chairman, you dealt with the latter part of section 3, subsection (6) that deals with the members of the board and the salaries. You did not dispose of the first part of subsection (6).

The CHAIRMAN: That is standing now. Section 3, subsection (6) was left to stand. As a matter of fact that suggestion in the Act here has not been considered by the government yet. I had been hoping to report this bill to-day if possible. I wonder if there would not be some way of getting over this. As I take it, the committee was quite willing to leave it to the decision of the government as to whether the head of the board should have the rank and standing of a deputy minister. I wonder if we could not leave it the way it was in the bill before, and if the government want to give him that rank and standing it could be inserted in the bill which is brought before the House. I wonder if that would meet with the committee's wishes? This change was never authorized in any way. It is in the Act here without consideration by the government, just like this other matter that was mentioned by Mr. Green.

Mr. QUELCH: I think the attitude of the committee was that if this rank is going to be given to the chairman of the War Veterans' Allowance Board and to the chairman of the Pension Board, it ought to be given to the chairman of the board administering this Act. On the other hand, I think the committee felt that we could very well dispense with that title in all those Acts. On the other hand, we do feel, I think, that this chairman should be treated in exactly the same way as the chairman under the other Acts.

Hon. Mr. MACKENZIE: I wonder if I could say a word about it in a personal way, not as a minister? The question of the appointment of a deputy minister rests entirely with the prime minister of the day; and we have gone pretty far—perhaps too far—in our veterans' legislation. When you are Minister of Veterans Affairs, Mr. Quelch, you should have one man, one deputy, responsible to you for the whole department. That is Walter Woods at the present. There is no difficulty in the world about access to the minister. But I am afraid we are creating too many deputy heads of departments.

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. MACKENZIE: I am leaving that to you. I have no personal prejudice at all in the matter. But there is one man who is responsible to me as long as I am there and who will be responsible to you when you are there—one man who should be in complete control of the whole department under the minister.

Mr. QUELCH: I quite agree with that.

Mr. MUTCH: Yes.

Mr. QUELCH: Why not have the same thing in regard to the Veterans' Land Act?

Hon. Mr. MACKENZIE: We did that ourselves.

Mr. QUELCH: We gave him the rank of deputy minister there.

Hon. Mr. MACKENZIE: We made a great mistake in that and you were responsible for that, as well as I, in 1942.

Mr. MUTCH: The argument is that we should not repeat the error.

Hon. Mr. MACKENZIE: The powers you gave to the director under the Veterans' Land Act in 1942—and I am responsible for it probably more than any of you because I put it through parliament—were such that you made the director there superior, practically, to a minister of the crown. I think we made a mistake, and the committee I think made a great mistake.

Mr. MUTCH: He has more power than God.

Hon. Mr. MACKENZIE: Yes.

Mr. ROSS: That has been a bone of contention with me ever since 1942. I think there has been a lot of water flow under the bridge since 1942 and that the whole economic set-up to-day is different from what it was in 1942. I think we have got to make a change in that set-up.

The CHAIRMAN: Do you agree with the powers now given to the Director of the Veterans' Land Act?

Mr. ROSS: No.

The CHAIRMAN: I think this committee should change that.

Mr. ROSS: That is the point I have raised. I have raised it at other meetings of the committee already.

Hon. Mr. MACKENZIE: I was not able to be here with you all the time.

Mr. ROSS: I think it should be changed.

Mr. SINCLAIR: You go ahead and do it and we will support you.

Mr. ROSS: I feel very keenly about it.

The CHAIRMAN: I may say to the committee that it has been discussed in the light of the discussion of the committee. The only reason, as a matter of fact, I think why there was not an amendment brought in in that regard was that there was so much legislation already on the agenda that it was feared that it might arouse considerable controversy and delay. It was thought that might possibly be left for another year to deal specifically with the Veterans' Land Act situation so far as the matter mentioned is concerned.

Mr. LENNARD: I think it would only take 5 minutes.

Mr. ROSS: Mr. Chairman, I think everybody who has followed this thing has been educated up to the point that he is quite ready to change it right now. I do not think it should be left in another year because it is affecting the lives of too many people today.

The CHAIRMAN: As a matter of fact, that is one of the things still left open. We agreed to recommend the bill as it was, but we left it open in case there was anything else we wished to add. We can take that up as soon as we get through with this Act. We have discussed it at considerable length, but there was a feeling that we did not want to interject any new legislation that would take too long to get through the House. May we then take it as the opinion of the committee that we will consider that he shall have the rank and standing of a deputy head of a department for the purposes of this Act—so far as this Act is concerned?

Carried.

Then the next item is section 4(d).

Mr. MERRITT: Mr. Chairman, that is section 4(c).

The CHAIRMAN: Yes, 4(c).

Mr. MERRITT: Before we go on with 4(c), there is something I wish to say. I moved at a recent meeting that all the words after "World War II" in the second line of 4(c) should be struck out and the words "outside the western hemisphere" added. On looking more carefully at the section I find that the motion I should have made was that the words "in a theatre of actual war" should be struck out and the words "outside the western hemisphere" put in; because if you strike out all the words, you would debar some who are already entitled to the war veterans' allowance; that is, those who have a pension. So with the consent of the committee I should like to amend my motion by having my motion in this form, that the words "in a theatre of actual war" in the second and third lines of section 4(c) be struck out and the words "outside the western hemisphere" be inserted in place of those words. That would not change my argument, or the effect or the intention of my motion at all, but would simply preserve the rights of some of those who already have the right to this war veterans' allowance.

Mr. CROLL: Mr. Merritt, would you mind repeating your argument as to the purpose you aimed to achieve by your amendment?

Mr. MERRITT: Yes.

Mr. CROLL: I think I know what you mean, but I should like you to repeat it if you would.

Mr. MERRITT: Yes, I should be glad to. I made quite an extensive statement on it when the committee met, as reported on page 1161 of the proceedings. To sum it up, it was stated by the deputy minister that the principle upon which the war veterans' allowance was founded was that service in the trenches burned out soldiers and that the extension of the principle to those who served in England only, which was the intention of my amendment, would be to introduce a new principle. I argued that it only extended the present principle because in fact anyone who served outside of Great Britain is now entitled to the allowance, even though he served in base installations only and did not serve in the trenches. I pointed out that base installations existed in England also and the nature of the work was exactly the same as that performed in the French bases. When you recall that there was a manpower shortage in that war too, and though there must have been a comb-out of people who were physically fit in England, one could well assume that the vast majority of those who served in England only were men in a low category who were brought in by perhaps indifferent medical examination at the start, or who had been recategorized lower as a result of their service in England. I felt, therefore, that we would not be violating the principle, but rather only extending it in a way that is a very good way in 1946, let alone what it might have been in 1930. Then I also stated, which I think is perhaps the most important thing, that in the considered view of the Legion it is a proper amendment. They recommended it. After all, they are very very close to the need; and this committee on a thing like this could not do better, I think, than to follow their recommendation.

I finally referred to the question of cost. It was pointed out by the chairman of the board that if we included both these soldiers and the ex-Imperials, the annual cost would be between \$4,000,000 and \$5,000,000 for 7 years and after that would be reduced to about half that by reason of the fact that these people would then be entitled to old age pensions. Therefore, adding up the totals that the chairman of the board gave for 7 years until the age of 70,—because I believe the average age is now 63,—you will find on page 1155 the total cost of this amendment and the amendment that I am proposing for the next section would be \$36,000,000 until they become entitled to the old age pension. Then the additional cost of this provision for another 10 years would be roughly half

that sum; so that you would get for 17 years of payment to these people who, in my view, are most deserving cases, a total expenditure of something over \$50,000,000 spread over the 17 years. My point was that when you consider the need that I think we all must feel these chaps have, and when you consider that only this year we are spending in the estimates on ammunition, bombs and armaments more than these \$50,000,000—which would under my amendment be spread over 17 years,—I hardly feel that the financial argument, which must lie somewhere in the background of this matter, is a very impressive one if we feel that the principle I am advocating is sound; and I am very satisfied that it is.

Mr. Mutch: Does Mr. Macdonell agree with you?

Mr. Merritt: I have not spoken to him about it. But I do want to say this. Do not let us confuse the policy of this party or the policy of its financial critic, which is economy. He has never said, and he does not mean, economy by failing to spend money which will serve a useful purpose and which ought to be spent. He meant economy in respect of extravagance.

Hon. Mr. Abbott: Economy in general terms.

Mr. Merritt: I do not want to get into a discussion of that at the moment.

Mr. Mutch: Let us drop it.

Mr. Merritt: I will simply say that there is no inconsistency whatever between what I am advocating now and the position that my party is taking; and I will argue it at any length with any one of you, including the Minister of National Defence, as long as anyone wants to argue it.

Hon. Mr. Mackenzie: Mr. Chairman, I am sure the last thing we want to hear is a political argument, and I admire the dexterous ingenuity of my hon. friend from Vancouver Burrard; but I want the committee to get the implications of the suggestion. We had a resolution here the other day from the Legion, supported by my good friends of another party, that the insurance principle would be limited to those who enlisted voluntarily. Half of these men involved in the extension of the Veterans' Allowance Act to those who served in England were draftees in the last war. So I find it difficult to reconcile the present argument of my good friend with the former argument of himself and his good friends.

Mr. Merritt: I never made that argument.

Hon. Mr. Mackenzie: No, you did not. Your friends did.

Mr. Merritt: I did not.

Hon. Mr. Mackenzie: That is right. I want to leave with this committee a very serious thought. You are spending this year, and I am not criticizing you at all, \$695,000,000 for veterans. The budget figure which said \$620,000,000 is wrong. It is \$695,000,000 for the veterans of all wars. I spoke to a group of old service men, the "old contemptibles" in Toronto, three or four weeks ago and I said, "Gentlemen, there is a limit." And they all got up and cheered. Do not spoil a good thing by trying to go too far. I am saying that in the most serious and forceful way I can say it. Although I do not wish in the slightest to dictate to this committee, and as much as I am personally sympathetic to the cause of all those who have served,—I am afraid that I must, on national grounds and in the interest of the men themselves, the great bulk of the servicemen, oppose the suggestion.

Mr. Mutch: Question.

The Chairman: Are you ready for the question? All those in favour of Mr. Merritt's amendment please raise their hands.

Mr. Fulton: What is the question, Mr. Chairman?

Mr. Merritt: Before the question is put, may I say this. If these men that I am hoping to benefit here were draftees in the last war, surely there must be some figures on that? Although I was not old enough to take an interest, I cannot

believe that after conscription was introduced in the last war, men who were not physically fit to serve in the field were transported overseas. Surely the draftees must have got to France and be eligible anyway?

Hon. Mr. MACKENZIE: We have the figures here.

Mr. WOODS: Mr. Chairman, when Colonel Merritt raised this question the other day, I approached the Department of National Defence and asked the question as to how many men there were in Great Britain awaiting to go to France when the war terminated. I was told there were 47,500. This department has tabled figures in this committee before that there was a total of 72,000 men who served in Great Britain only. Apparently at the close of the war there were 47,500. Captain Fyfe of the Department of National Defence gave me the figure that of the 47,500, 23,000 were draftees who served in England only. So that approximately half those who were in Great Britain at the close of the war were draftees on their way to the war.

Mr. BROOKS: That is, waiting to go to France?

Mr. WOODS: Yes.

Mr. BROOKS: The total was 70,000 odd?

Mr. WOODS: There was a total of 70,000 odd who served in England only and they had been moved back to Canada only.

Mr. BROOKS: There would be a third.

Hon. Mr. MACKENZIE: Half.

Mr. WOODS: At the end of the war there were 47,500 in Great Britain who had not served on the continent; and of those 23,000 were draftees who had not served on the continent at all but were on their way to the continent.

Mr. QUELCH: The draftees represented less than one-third of the total that would be eligible if this amendment went through.

Mr. WOODS: On the other hand, they represented half of those in Great Britain at the time the war ended.

Mr. MUTCH: All of those would be eligible if the amendment went through?

Mr. BROOKS: Using the minister's argument, I should like to ask a question in connection with the dual service pension. How many of those receiving the dual pension or of those who are eligible for that were draftees in the first war and served in the second war with the Veterans Guard and other units?

An Hon. MEMBER: Question.

Mr. BROOKS: The same argument applies.

Mr. WOODS: My figures from the chairman of the War Veterans' Allowance Board are that there are 132 veterans in receipt of the war veterans' allowance under the dual service pension order. Of that 132, what number did not serve in a theatre of war I do not know. I imagine most of them did not serve in a theatre of war.

Colonel GARNEAU: Apparently 34,650 were used as a basis to determine the potential field of applicants for dual service pension. As approximately 55 per cent of World War I enlistments served in a theatre of actual war, we deduct 19,000, reducing the basic figure to 15,000. Seven per cent of all disability claims—

Mr. WOODS: What is the number of recipients?

Colonel GARNEAU: The actual number of recipients were—

Mr. WOODS: 132, as I have it.

Mr. CROLL: We are getting our figures muddled.

Colonel GARNEAU: I think those are the latest figures.

The CHAIRMAN: Those in favour of Mr. Merritt's amendment please raise their hands. Against?

Motion negatived.

Shall clause 4(c) carry?

Carried.

Now we as on clause 4(d).

Mr. MERRITT: Mr. Chairman, I gave notice of an amendment to clause 4(d) to insert after the word "war" in line 5 where it first appears, the words "or have been resident in Canada on and since the 1st of September, 1930, or who may have had continuous residence in Canada for a period of 20 years." The purpose of this amendment is to include within the benefits of this Act those ex-Imperials who came to Canada before the date mentioned and who have become Canadian citizens and who served in the Imperial forces during the war. I do not think the case need be argued to any extent. Every member of the committee will know the position perfectly. I just want to mention one or two of the highlights of the argument to bring these Canadians in. Number one, of course, is that they are now Canadians. They have been Canadians in the sense that they have lived in this country and made it their home for very many years. They have been Canadians in the sense that their sons, in a very large number of cases—I am sure the majority of them, although I have not any figures—served in the Canadian army in this war, and they will be Canadians in law on the 1st of January next. Then again we have in our legislation in this session, or at least following this war, widely introduced the idea that benefits could be obtained by those who served in allied forces on the basis that we were all serving in a common cause. There is no doubt that these men to whom I am referring served in a common cause.

To get down to the particular case, I am thinking of two men whom I know,—and I am sure these instances could be multiplied a thousandfold or more—where one man came out to Canada in 1912, 1913 or 1914 because he happened to be 21 years old then, who immediately turned around and went back in our forces and of course was entitled to all the benefits of our legislation. Another man, by being a few years younger, maybe one or two years younger, did not immigrate to Canada until the war broke out and he arrived out here in 1919, 1920, 1921 or 1922. It was always his intention. It seems to me that any discrimination or difference between those two classes now, however good it may have been in the period between the wars, is completely outmoded at the present time.

Then there was the argument that we could not bring these people in because we had not brought in those Canadians who served in England only. In the last few minutes you have negatived that argument forever by placing it on the ground of expense plus the fact that large numbers of them were draftees and were not entitled to it. These chaps have served in a theatre of actual war and are in an entirely different category. Finally I come down to the expense argument again; and if the total cost of both classes was only going to be the figures given by the chairman of the board recently, the cost of this particular class being much less than half the total cost involved by both my amendments, the financial argument applies so very much less here that I do not think we will hear it.

Hon. Mr. MACKENZIE: Mr. Chairman, I hate to again intrude upon the committee, and I appreciate very much the motives behind the argument of my good friend from Burrard. The fundamental principle in Canadian pension legislation is that we will do everything in the world we can for those who left the shores of Canada to fight either for Canada or for the allies of Canada, but

not for those who came to Canada after the fight was over. There is something very basic and fundamental in that argument. The basic principle is being domiciled or resident in Canada before you go to battle for your own country or those who are fighting with your own country. Despite the comments of my hon. friend, I am still strongly of the conviction that until we extend the principle of assistance to all those who served in Canada or England or France in the last war, we are not entitled to extend it to those who came to us up to the 1st of July, 1930. The extension of that principle would be simply limitless. You simply could not control it. I think our first duty is to our own nation. I feel that very strongly.

Mr. GREEN: Mr. Chairman, I am afraid that I cannot agree with the minister at all in the suggestion he has just made.

Hon. Mr. MACKENZIE: That is not new, Mr. Green.

Mr. GREEN: We have disagreed on this same subject before, but he has gone a little further today than he ever went before. He says that he would not be in favour of war veterans' allowance for Imperials until that allowance had been granted to Canadians who served in England and now for the first time he says to Canadians who only served in Canada in the first great war.

Hon. Mr. MACKENZIE: Who served anywhere.

Mr. GREEN: I entirely disagree with him on that, and I do not think there is any foundation for his stand. In this particular case, these men are men who served in an actual theatre of war. For that reason they qualify under the basic principle of the War Veterans' Allowance Act which was that the allowance should only be paid to those who served in a theatre of war.

Hon. Mr. MACKENZIE: Could I interrupt, Mr. Green, to say a word there?

Mr. GREEN: Yes.

Hon. Mr. MACKENZIE: I have the backing of five parliamentary committees of this House representing every party in the House for the stand I have taken.

Mr. GREEN: If the minister had the backing of the parliamentary committees on that subject, he certainly had only the backing of the majority and they were of his own party, in any committees that I have sat on, and that is over a period of 11 years. I can quite see it is going to be a Conservative government that will have to bring in this war veterans' allowance.

Mr. CRUICKSHANK: They will never get it then.

Mr. GREEN: But there is that first point, that these men served in an actual theatre of war. Then there is the second point that most of them came to Canada right after the war—that is after the first war—and came here at the suggestion of the Canadian government, many of them with the understanding that they were to be treated in Canada exactly the same way as Canadian veterans, with the exception that they were not to get Canadian pension rights.

Hon. Mr. MACKENZIE: Canadians in Great Britain do not get that.

Mr. GREEN: Well, you fellows can make your own speeches.

Mr. CRUICKSHANK: We do not get the chance. You take all the time.

Mr. GREEN: Well, you have never been short of time. That is the position. A large number of these Imperial veterans believed that they were being asked to come to Canada with the understanding that they would be treated when they got here in the same way as the Canadian veteran.

Mr. MUTCH: Is there any evidence of that?

Hon. Mr. MACKENZIE: No. There is none at all.

Mr. GREEN: In coming here they gave up all chance of obtaining social security benefits in Great Britain.

Hon. Mr. MACKENZIE: They are getting less now.

Mr. GREEN: They gave up benefits that were more extensive than similar credits that they could get in Canada. They have been regarded by the people of Canada in exactly the same category as our own fighting men. Everybody treats them as veterans. There is no distinction made in the public mind between the Imperial fighting men and the Canadian fighting man of the first great war. That means a good deal. You know, for example, that when we had relief, the municipal authorities invariably regarded the soldiers as none of their business, and contended that the soldiers were a charge on the federal government. Those of you who were here from 1935 on will remember that that was one of the main subjects that were discussed, the question of who should be responsible for the care of the unemployed veteran. The municipal and provincial authorities always took the stand that he was the charge of the federal government and the Imperial met that resistance just in the same way that the Canadian veteran did. The Imperial veteran too was treated as a federal charge. Now if we make this decision against the Imperials, it means that in the future if they get into difficulties they will have to run to the municipality or to the province for help; whereas the Canadian veteran goes to the federal government. The attitude of the people—certainly in the province of British Columbia—is that there should be no distinction made between these two fighting men.

Then there is great unfairness now in the War Veterans' Allowance Act in that part which deals with the dual service pension. About 25 per cent of the men who served in the Veterans' Guard of Canada during this last war were Imperials in the first war; and because they were Imperials in the first war they are not eligible for dual service pension in the present war, although the Canadian who served only in Canada in both wars can get it. I do not think any member of this committee can justify that position. These Imperials served throughout this war with the Veterans' Guard. In every case I know of where they had a son able to fight, he was fighting. And yet they cannot get any help at all under the War Veterans' Allowance Act and have to fall back on the municipal authorities. Take the case of the South African War Imperials. They are in the same category. They can get no help at all, although some of them have been here nearly 50 years. That situation is absolutely unfair. Then take the widows of the Imperials. We had a little British Imperial widow here with the delegation that made its representations here a month or so ago, and she pointed out that they could get absolutely no help under the present legislation. I think they had a perfectly good ground for asking that the Act be extended to cover them. Of course, all during these years these people have been paying their taxes along with the rest of us. They have been part of the life of this nation for many years. I thought that the Legion summed up the situation very well in the concluding paragraphs of their brief when they used these words:—

Many briefs have been submitted both to the government and to parliamentary committees over a period of years and we feel that the problem should now be decided. The war veterans' allowance has come to be regarded as the social security measure for veterans—

And I would stress those words, "as the social security measure for veterans",

—and the distinctions that have been made are distasteful to men who have fought side by side in the same cause or who proceeded overseas and served long periods in Great Britain. Canadians who served in both world wars without going overseas are now eligible for what has hitherto been known as the veterans' dual service pension. There seems no sound reason for excluding Imperial veterans of the first world war who served in the Canadian forces in Canada in the second world war, many of whose sons and daughters have served in the Canadian forces in theatres

of operations in the second world war. To exclude Imperials of the first world war who served in the Canadian forces in the second world war would discriminate between men who served side by side in the Canadian forces under exactly the same conditions.

Our plea is based on the natural desire to have former comrades in arms receive adequate and equal social security in their old age and it is felt that the case for both the Canadian who served in Great Britain and the Imperial who has had long years of residence in Canada is fully justified.

So I would suggest that the committee give favourable consideration to this amendment making the Imperials who were domiciled here before September 1, 1930, eligible. That date is selected because it is the date on which the War Veterans' Allowance Act came into effect. The claim is a good one. The job of this committee is to recommend what it thinks should be done for the veteran. The government know the financial condition of the country. The government have the responsibility of deciding what money can be spent. They are the ones who must say whether or not these matters can be afforded. But that is not the job of this committee. The job of this committee is to recommend what action should be taken in the interests of the veteran; and certainly there is no move that is more needed than this move that I am now supporting, that the Imperial veteran should be made eligible for war veterans' allowance.

Hon. Mr. GIBSON: May I ask a question of the hon. member for Vancouver South? Do you know of any other countries which give reciprocal privileges to Canadians who are domiciled in other allied countries?

Mr. GREEN: I think the Canadian who is domiciled in Great Britain, certainly who has been domiciled in Great Britain for as long as these Imperials have been domiciled here, is entitled to all the benefits under the social security legislation in Great Britain and they are far more generous than the ones in Canada.

Hon. Mr. MACKENZIE: So are the Imperials who come to Canada.

The CHAIRMAN: There is one thing, Colonel Garneau, that I should like to ask you. In the report which you gave you said the cost of this immediately would be \$2,049,152. That is correct?

Colonel GARNEAU: As far as we can ascertain.

The CHAIRMAN: That, I believe, is based solely upon the idea of their being domiciled in Canada before 1st September, 1930?

Colonel GARNEAU: Exactly.

Mr. WOODS: That is per annum.

The CHAIRMAN: That is per annum, of course. But the amendment provides "or who may have had continuous residence in Canada for a period of 20 years". In other words, does that not introduce another element into the situation that you did not consider?

Colonel GARNEAU: No. This takes care of those who have been here at least 16 years at the present date, so it would cover the 20 years automatically after 1st September, 1930. If we take in every one of those who have been here since September 1st, 1930, it would automatically take care of those who had been here longer.

The CHAIRMAN: But does this not put it back to 1926?

Mr. GREEN: No.

The CHAIRMAN: It says, "Who have had continuous residence in Canada for 20 years."

Mr. MERRITT: What it means is this, Mr. Chairman. It means that if the man came in 1935, he would become entitled in 1955.

The WITNESS: Yes.

Mr. MERRITT: Or if he came in 1945, he would be entitled in 1965.

The CHAIRMAN: That is not what it says, Mr. Merritt.

Mr. MERRITT: Oh, yes.

The CHAIRMAN: It says, "Who may have had continuous residence in Canada for a period of 20 years."

Mr. MERRITT: Yes. At the present time it is 16 years since September 1930.

The CHAIRMAN: Yes.

Mr. MERRITT: Now only 16 years have elapsed, so that everyone would come in from 1st September, 1930. But the man who came in 1st October, 1930, would become entitled on 1st October, 1950.

The CHAIRMAN: I put it to you that a man who came here in 1925 now has had more than 20 years continuous residence in Canada.

Mr. MERRITT: That is right.

The CHAIRMAN: Therefore in the terms of your amendment he would be entitled to this benefit.

Mr. MERRITT: He would be entitled to both alternatives of my amendment, that he has been here since 1930, so he would come in anyway. He has been here 20 years and he would come in anyway.

The CHAIRMAN: That is the effect of this 20 years residence.

Mr. MERRITT: It is a future thing. It would not affect anyone today, but in 1950 it would start affecting people.

The CHAIRMAN: Have you taken that into consideration in your figures, Colonel Garneau?

Colonel GARNEAU: No sir; because that would be a cost that would gradually, if the Imperial veterans were admitted, creep up in the future.

Mr. GREEN: May I ask Colonel Garneau a question there. Is it not a fact that practically all of the Imperials had come to Canada by 1st September 1930, and there have been very few come since that date?

Colonel GARNEAU: I could not actually answer that.

Mr. GREEN: The minister would know about that.

Mr. MERRITT: The immigration figures would show that.

Mr. WOODS: I do not know.

Hon. Mr. MACKENZIE: I should say that is very largely true.

The CHAIRMAN: Yes. But there is this question. This will apply to veterans of this war. Can the deputy minister or anyone else say what is involved if you make the 20 years residence the sole requisite for an Imperial or any other allied soldier getting this benefit in respect of World War II?

Hon. Mr. MACKENZIE: You cannot tell.

Mr. MUTCH: Everybody that comes will be eligible.

Hon. Mr. MACKENZIE: That is the point.

Some Hon. MEMBERS: Question.

Mr. FULTON: Before the question is put, Mr. Chairman, there is one aspect I should like to re-emphasize. The minister mentioned that it has been a principle in the past that these benefits be not extended except to those who left Canada's shores to undertake their service. I would remind the committee that just two days ago, on Tuesday, the committee in effect reconsidered and reversed its previous decision to make certain benefits available only to those who were anxious to become Canadian citizens. I think by that opinion of the committee, the committee appeared then to say, "We do not care whether they want to become Canadian citizens or not."

Hon. Mr. MACKENZIE: It is a question of domicile.

Mr. FULTON: I agree. But that was the effect of the committee's decision on that occasion. If the committee can decide that two days ago, I do not see why it should be confined to what the minister says has been the previous principle; that is that they must have had Canadian domicile. If we have cast aside the more important consideration of Canadian citizenship for the desire to become Canadian citizens or to remain in Canada, why should we say, "Because you were not here before we will not give you the benefits"? It seems to me that decision two days ago does away with the effect of that argument of the minister's.

Hon. Mr. MACKENZIE: The question of domicile stands. It has not been altered at all.

Mr. FULTON: As I said, the question of domicile has not been altered, but I am saying that there is a conflict between the previous principle and the decision we had two days ago.

Hon. Mr. MACKENZIE: No. It is on domicile.

Mr. FULTON: The minister may interpret it as he wishes because it suits him, and that seems to me to be the effect of what is being done. If it suits the government to take an interpretation of a word so that people will get these benefits, they take that interpretation. If it suits the government to interpret it in another manner, they reverse the position. I am unable to follow the process of that reasoning. I would refer the committee to what Mr. Green has said. We are here to consider what is in the interests of the veteran, not whether it is financially feasible, which is the government's responsibility.

Hon. Mr. MACKENZIE: Mr. Green supported the decision two days ago.

Mr. FULTON: This is the important consideration, I think. I seem to be arguing against a certain difficulty here, Mr. Chairman.

Mr. MUTCH: You are not helping your case, anyway.

Mr. LENNARD: Call up the reserves.

Hon. Mr. ABBOTT: And how!

Mr. FULTON: I do not think the Minister of Reconstruction is here. But the principle surely is whether or not these veterans who fought in the same war that our own veterans fought in and who have lived here, most of them for years, are to get this benefit. They would have had to live here for 20 years in order to become eligible or since the 1st September, 1930.

Hon. Mr. MACKENZIE: Just the men who left the shores of Canada.

Mr. FULTON: I do not know whether the minister feels that his point gains emphasis by reiteration. If he does, it is certainly going to get a lot of weight. But I think it must be a fairly weak point to require so much repetition.

Mr. MUTCH: You are not helping your case.

Mr. FULTON: If these people deserve it, then this committee should give it to them irrespective of whether the government says at the moment it is financially feasible or not.

Some Hon. MEMBERS: Question.

Mr. GILLIS: I should like to say a few words on this matter. I am going to support it and I want to suggest why. It is not because of the arguments of my hon. friends across the way.

Mr. BROOKS: You would not admit that anyway.

Mr. GILLIS: This whole thing, in my opinion, is just another indication of where we are begging the issue. These questions do not belong in a veterans' affairs committee at all.

The CHAIRMAN: Hear, hear.

Mr. GILLIS: They cannot be related to it. It is merely an indication of the failure of the government of Canada in the past to establish something by way of personal security. Why not be frank about it? Why try to capitalize on the veteran? We are still talking about pensions for people who fought in the Riel Rebellion, for service disabilities. They are victims of the system. You are talking about the South African veteran. What I am afraid of is that if you continue to dump in on the veterans of this war and the last war, who are really the victims of the war, problems that belong to other sections of the economy of this country, you are going to do the real veteran—the fellow who really has a disability arising out of war service—a disservice; because you are going to have to chisel down the rates, the hospital allowances and things of that kind for men who are really victims of the war, to the extent where it will mean nothing to them because you have unloaded so many other problems onto the veterans' affairs organization which was to care for them. I will support this because there is no place else to put it, but I would advise my hon. friends over there, particularly the younger ones, to think sincerely because I understand they want to find a solution; I would advise them to sit down some evening and do some serious thinking.

Mr. MERRITT: What evening?

Mr. GILLIS: Why do we have to come into a veterans' affairs committee to talk about veterans of the Riel Rebellion, the South African War, the Mic-Mac War and all these different wars and say they are suffering from service disabilities? They are not. But there is no place else for them to come. If they live long enough, they can get that pauper's allowance known as the old age pension—twenty bucks a month if you have not got any shoes. If you have a second pair of shoes you have to wait. What we want to do in this country is to sit down and consider seriously the establishment of a real national social security system which will care for these people who are the victims of a faulty system.

Mr. FULTON: Tell it to the government.

Mr. MERRITT: Have you ever sat down and done some thinking?

Mr. GILLIS: I am telling you, because you fellows are continuing to talk about service disabilities. There has been no Imperial soldier in this country in the past 15 or 16 years who has been suffering from a service disability, and there is no Canadian of the last world war who is looking for a pension at this time for disability, or who is suffering from a service disability. The whole thing is merely—

Mr. GREEN: May I ask a question?

Mr. GILLIS: Yes.

Mr. GREEN: Do you not place any value on the coverage given for pre-ageing in the case of a veteran who served in a theatre of war as distinct from the service disability?

Mr. GILLIS: That is another alley. As far as I am concerned, I have a dozen disabilities, but I cannot relate any of them to the war. I have kinks in my spine and my hips, but it was from wrestling out profits in industry in this country that I got them, despite my war service. I think we should start assessing the wealth of this country to care for those who are victims of a faulty system. I will vote for this because there is nowhere else to put it. But I want to see my conservative friends in the Liberal party seriously consider at this session of the House the establishment of a levy on the wealth of this country to care for the aged and infirm.

Mr. QUELCH: I wonder if the minister would say how far discussions have gone with the British government regarding making this reciprocal? I under-

stood that this question had been brought up with the British government to see whether or not reciprocal action could be taken? Just what has been the result of those discussions?

Mr. WOODS: Might I be permitted to answer that question? At the instructions of the minister I interviewed the British government on this question and they said they were not able to find any medical support to the effect that the veteran, because of his service, was pre-aged 10 years as compared with a civilian; and therefore they were not able to enact any similar legislation.

Mr. QUELCH: While I am very sympathetic to the idea of extending these benefits to as many veterans as possible, I think when you extend benefits to veterans of other countries it should be on a reciprocal basis.

Hon. Mr. MACKENZIE: Hear, hear.

Mr. BROOKS: Might I ask a question along the line that Mr. Gillis was speaking, although I do not agree with him altogether. In England is there not this social legislation that he speaks of which looks after these veterans, and would not the Canadian veteran in England receive the rights of the social legislation there which would compare with this legislation which we are trying to get through? There is a reciprocal arrangement in that connection.

Mr. CRUICKSHANK: Could I say a few words on berries after these gentlemen are through?

Mr. BROOKS: Raspberries.

Mr. WOODS: He would not be entitled to that.

The CHAIRMAN: Order, gentlemen, please.

Mr. WOODS: The Canadian in Great Britain would not be entitled to any special benefits because he was a veteran. He would participate in social legislation just as the men who served in the British forces and who came to Canada would participate in our social legislation.

Mr. BROOKS: We have not got as much social legislation as they have.

Some Hon. MEMBERS: Question.

The CHAIRMAN: Those in favour of Mr. Merritt's amendment please raise their hands. Against?

Mr. GREEN: I want a polled vote.

The CHAIRMAN: Do you want a recorded vote?

Mr. GREEN: Yes.

The CHAIRMAN: Mr. Green has asked for a recorded vote. Answer yes or no as your names are called. Answer yes if you are in favour of Mr. Merritt's amendment and no if you are against it.

(Amendment negatived on a recorded vote: yeas, 18; nays, 26.)

Shall clause 4(d) carry?

Carried.

The next item is clause 6.

Mr. WRIGHT: Mr. Chairman, on clause 6 I should like to offer an amendment in line 14 in the case of the single veteran, that the income of the recipient "in excess of \$125 per annum" be changed to "\$365 per annum"; and in line 19, in the case of the married veteran, that the amount "in excess of \$250 per annum" be changed to "\$730 per annum"; and in line 25, in the case of a veteran with children, that the sum of \$250 per annum be changed to \$730 per annum.

This matter of the veteran being able to earn some outside income outside of the war veterans' allowance I think is rather important to-day; it is more important to-day probably than it has been in the past. Our cost of living

has certainly gone up in Canada and I do not think anyone will argue that a single veteran can live in decency to-day for \$490. That is the total amount which he is allowed to have before deductions are made, \$365 plus \$125. That makes a total of \$490.

The CHAIRMAN: You are overlooking, Mr. Wright, the \$125 which is not counted on casual earnings.

Mr. WRIGHT: I did not hear that, Mr. Chairman.

The CHAIRMAN: You are overlooking the \$125 casual earnings which is not counted, and the \$25 which he is entitled to have from dividends and so on, if he has got any money invested. As a matter of fact, under this clause as amended now, if he is a single man he can have a maximum allowance which is \$365.

Mr. WRIGHT: Yes.

The CHAIRMAN: He can get this item of \$125. He can get \$125 casual earnings, and \$25 from dividends, plus the right to have his own home. So that amounts to \$640 which he can have now.

Mr. WRIGHT: Those items are not stated here.

The CHAIRMAN: Yes. "Income" is defined in another section.

Mr. QUELCH: In the general regulations.

The CHAIRMAN: So what you are getting at is practically done in the Act already by another section.

Mr. WRIGHT: What section is that?

The CHAIRMAN: Where it defines income. That is section 13. It says, "Notwithstanding anything in this Act, no deduction shall be made from any allowance by reason of . . ." and it describes there what is not to be deducted.

Hon. Mr. MACKENZIE: It is in paragraph (d) that the casual earnings are dealt with.

The CHAIRMAN: Paragraph (d) reads:

Any casual earnings of the recipient to the extent of \$125 in any year.

Mr. FULTON: Is that not what is meant in this?

The CHAIRMAN: No. It is additional. In other words, a single man to-day can receive \$640.

Mr. MUTCH: And own his own home.

The CHAIRMAN: And own his own home. A married man can have \$730 plus \$250 plus \$125 plus \$25 and own his own home. So that the married man can have \$1,140.

Mr. QUELCH: There does seem to be a lot of confusion as between income and casual earnings. Would it be possible to amend that section 6 by saying "in excess of \$250 including casual earnings"; and then below, instead of \$250, say "in excess of \$375 including casual earnings"? I think it would avoid a lot of confusion and would not make any very great additional cost.

The CHAIRMAN: I should make a correction. I said the married man could have \$1,140; I should have said \$1,130.

Mr. BROOKS: And the single man is \$630.

Mr. HERRIDGE: Following up what Mr. Wright and Mr. Quelch had to say, I want to read a letter that was forwarded to every member of the committee

by the executive secretary of the British Columbia provincial command of the Canadian Legion. I think it will be of interest to the committee as it deals with this point. Mr. MacNicol has this to say:—

Gentlemen:

War Veterans' Allowance Act

I was very interested in the discussion that took place in your committee as reported in the Minutes of Proceedings and Evidence No. 32, dated Friday, June 14, this in connection with the War Veterans' Allowance Act.

May I offer the following comments and suggestions.

Total allowance including exemptions: It has been stated that the maximum allowance including exemptions, according to the proposals now made in the draft copy of the Act would amount to \$1,130 yearly to a married man.

I think that is a slightly different figure from the one given by the chairman.

The CHAIRMAN: That is right.

Mr. HERRIDGE: Continuing:—

While this statement may be correct, it does not cover the difficulty that arises over casual earnings. The fact is that a married veteran in possession of \$1,000 cash and in receipt of \$400 of income in the form of a pension, annuity or superannuation, would be penalized to the extent of a deduction of \$125 from his War Veterans' Allowance of \$730, this because the \$400 would be treated as straight income and no part of it as casual earnings. This procedure appears to me to be very unfair as not all veterans find themselves in the position of benefiting from casual earnings and some of them would only be permitted a maximum income of \$1,005 yearly instead of \$1,130, if they had no casual earnings, this because of the \$250 fixed income restriction, plus casual earnings.

I doubt very much if the Canadian Legion intended, when proposing a maximum income of \$1,200 yearly, to have their request interpreted in this way.

Total income: May I respectfully suggest that instead of \$250 exemption to cover income from pension, annuity or superannuation, this proposal should be changed to read \$375 including casual earnings.

I see no reason why a married veteran in receipt of \$730 a year war veterans' allowance should not be permitted to have an income from pension, annuity, superannuation or casual earnings totalling \$375, which means that the man who has no income from pension, annuity or superannuation would be permitted to go out and earn the total amount of \$375 yearly, in addition to his allowance of \$730, plus, of course, the allowance of \$25 to cover an investment up to \$1,000.

Personally, I would prefer that the basic rate of War Veterans' Allowance be increased where a man has no set income, thus eliminating the War Veterans' Allowance recipient from the labour market altogether.

Liquid assets and ownership of property: The Canadian Legion is endeavouring to eliminate as far as possible, the Means Test, but just as long as we have people in Canada thinking in relief terms, there is every indication that our organization will not succeed entirely in this objective.

I would suggest, however, that the liquid assets in the case of a married man be increased from \$1,000 to \$2,000, as suggested by Mr. Green, and

that this procedure could be adopted by allowing total assets, including a home, to a value of \$5,000 in the case of a married man, with not more than \$2,000 of that amount in cash or bonds.

This would permit a veteran, who finds it necessary to move to another location when applying for War Veterans' Allowance, to dispose of his city home and invest up to \$3,000 in a home in the country, leaving him a cash balance of \$2,000. It seems unfair that a veteran should be compelled to reduce his savings to \$1,000, or to purchase a home value \$4,000 in order that he should only have \$1,000 on hand when applying for the allowance.

We are opposed to any procedure that encourages a man to spend his savings rapidly in order to qualify for the W.V.A., and this has already happened in more than one case.

In so far as British Columbia is concerned, we are sincerely endeavouring to reduce as far as possible the stigma of the Means Test, and we are not altogether satisfied that the situation is completely covered by the proposals now made in the draft copy of the War Veterans' Allowance Act which is being considered by the special committee on Veterans Affairs.

We are, however, gratified to note the keen interest being taken in the difficulties of our veterans by the members of this committee.

Yours sincerely,

(Sgd.) Robt. MACNICOL,

Executive Secretary,

*B. C. Provincial Command,
Canadian Legion, B.E.S.L.*

I think some very good points are brought out by that letter.

Mr. Woods: Mr. Chairman, I wonder if I might say a word in reply to Mr. Herridge following his reading into the record a letter from Mr. Macnicol. I happen to know Mr. Macnicol and have great appreciation for his attitude. I know he is very earnest in his representation, but I think it should be made clear that the Canadian Legion in their resolution in Quebec advocated that the ceiling on income be limited to \$1,250 in the case of a married man and \$900 in the case of a single man. Now, actually the ceiling is lifted by the bill which is before the committee to \$1,130 in the case of married men which is within \$70 of the Legion's representation, and \$640 in the case of single men. Mr. Macnicol refers in his brief to the amount of assets the individual is allowed to have before he is permitted the allowance. Mr. Macnicol refers to \$1,000. The Chairman of the War Veterans' Allowance Board tells me that in the case of a married man he is permitted cash assets of \$1,500, not \$1,000, before he is declared to be in difficult circumstances. In the case of a single man I am informed by the chairman that the assets could not exceed \$750.

I would like to say this, Mr. Chairman, that it is only fair to the people of this country, the taxpayers, and also to the veterans who will represent the large body of taxpayers in the future, that Canada's War Veterans' Allowance Act is the most generous legislation of its kind in the world.

Some Hon. MEMBERS: Hear, hear.

Mr. Woods: Canada was the first country to enact War Veterans' Allowance legislation. Australia followed suit. New Zealand followed suit; in fact, New Zealand made its act the War Veterans' Allowance Act, which is the same as the title of our Act here. In case anyone feels that the country is a little niggardly in the amount paid, I should like to refer in passing to this, that if any of us

went over to the annuities branch of the Department of Labour and applied to purchase an annuity payable to a man and his wife in the amount of \$60 a month when he reaches age sixty, we would be required to pay for that annuity \$8,432. That is the cash value of the War Veterans' Allowance which is made at the age of sixty, and, as members of the committee know, half of the recipients receive the allowance before age fifty, and it is of correspondingly greater value, in addition to the presumptive equity of \$1,150 for a married man and \$640 for a single man, it is now proposed for your consideration that we increase the exemption on veterans' equity in his home from \$2,000 to \$4,000. What is proposed here is what has been done by order in council during the war. The government found it necessary to increase the allowance from \$20 a month in special cases to \$30 a month for a single man, and from \$40 a month to \$50 in the case of a married man, and the committee is now asked to consider consolidating these advances which were based on the wartime increase in the cost of living into a permanent statute.

I also would like to make this observation, Mr. Chairman; if you were to assess the value of this war veterans' allowance in terms of pensions awarded to men who were wounded in battle, a single man is entitled to \$30 a month and a married man to \$60 a month at the present time. Now then, the pension for a man who suffers from total deafness is 80 per cent. The loss of an arm at the elbow, or the loss of a leg at the thigh represents an 80 per cent pension. That translated in terms of money is \$60 a month. That is the compensation this country gives a man who lost limbs in battle. This allowance may not be the full measure of the country's generosity, but I do submit Mr. Chairman when you compare it with the pension to be paid to those who have lost limbs, and when you compare it with legislation in other countries, it is not legislation that can be sneezed at, nor can it be regarded as niggardly. It is the most generous legislation of its kind in the world. I have no hesitation in saying that.

Mr. HERRIDGE: We admit that.

Mr. WOODS: And in saying that, it would certainly be impossible for me to say that the committee should not increase it, as and when and how it likes.

Mr. GREEN: Mr. Chairman, the deputy minister I think is not exactly entirely accurate in one regard. He refers to the total income as \$1,130 in the case of a married man.

Mr. WOODS: That is right.

Mr. GREEN: And to \$640 for a single man. I do not think he took account of the \$125 of casual earnings. And now, what if a man has a regular job? That would be counted as income. He is very unlikely to have what is called casual earnings. He earns a certain amount, with the result that in many cases he cannot get both, he cannot have both casual and regular income. And now, the suggestion made by Mr. Macnicol was for the purpose of meeting that very point, and I consider his suggestion well worth while considering. He says, add your \$125 to the income so that that would enable a man who is getting a regular income to earn up to \$375, rather than \$250 in the case of a married man, or \$125 to \$250 in the case of a single man. And now, as I understand it, casual earnings were more or less an afterthought put in to cover a man who might happen to get a job as a gardener for one or two days a week, or something of that type. And I suggest that it would make the whole administration of the Act easy, and would make it better legislation, if we were to add that \$125 to the regular income of \$125 and \$250 respectively, and allow them to get a total of \$250 or \$375 as the case may be. That would certainly help the man who has a regular job.

Mr. EMMERSON: Do you mean by that that you would increase the amount of casual earnings by \$125?

Mr. GREEN: No. Add the casual earnings of \$125 on to the \$250, bringing it up to a total of \$375 in the case of a married man. The section would then read: "in excess of \$250" in the case of a single man; and, "in excess of \$375" in the case of a married man, including casual earnings. I think that is a reasonable suggestion and it does not involve a very great deal in the way of cost, and I think it would be highly beneficial to the veterans.

Mr. WOODS: Mr. Chairman, may I recall to the memories of those members who were on the parliamentary committee of 1930 when the War Veterans' Allowance Act was passed—

Mr. GREEN: That was before my time.

Mr. BROOKS: Hear, hear.

Mr. WOODS:—this was an Act to provide for the veterans who had come to the end of the trail, the veteran who was finished. It was intended to provide for his declining years when he was no longer able to go out on the labour market in competition with other men who were able to hold a regular job. That is the type of man who was supposed to be entitled to receive the War Veterans' Allowance.

Mr. BENTLEY: I am not going to quarrel with the statement made by Mr. Woods, that we have the most generous legislation there is anywhere in the world, but I do suggest that it is only reasonable to expect that we should have that kind of an Act when we happen to live in that part of the world in which is concentrated the greatest reserve of natural wealth. I do not see why we should exceed the amount stated by the deputy minister. Mr. Quelch has suggested that the amount be added on. Mr. Woods says that it is there already. That is fair enough. But it does not matter whether it is written into the bill under this section, or under the one on the next page, page 7, under (d), in the casual earnings. It does not necessarily follow that a veteran is going to receive both of these amounts, nor does it necessarily follow that he is going to have \$640. He may have no cash earnings. On the other hand, he may have \$150 cash earnings that he might have been able to pick up, but considerably less than the \$125 or the \$250—whichever is the case—to which the veterans have been paid. And now, if Mr. Quelch's idea was followed out, and I support him, it would still leave the figures substantially the same.

Mr. QUELCH: The effect of this Act as it stands at the present time, as I see it, is that it is going to drive the veteran who wants to benefit to dishonest practices and lead to all sorts of difficulties and irregularities in order to enable him to qualify for benefit under this allowance. For instance, suppose a veteran gets a steady job as a caretaker. Under the provisions of the Act as it now stands he is limited with respect both to the amount he can earn on a regular job or by casual labour, and the minute his income from either source exceeds the limits set, that additional earning is deductible from the allowance which he would otherwise receive, I think the net effect of this Act as it now stands will be to encourage a lot of skulduggery on the part of veterans in order to get the full amount of the benefits.

Mr. FULTON: Let us take an actual case in support of the point Mr. Quelch has presented. The limitation as it now stands is \$250 for a married man and \$125 for a single veteran, and in any case where the amount is added to through casual earnings the board deducts the additional amount. I have cases of the kind right here in hand. The first enactment limits a married man to \$480 and \$250 from outside sources, making a total of \$730. Anything he gets beyond that total of \$730 they take it off. Now, if he is allowed to get \$125 casual earnings, that would only mean bringing his total permissive earnings up to \$855, but as the thing now stands they would not allow that. If Mr. Quench moves that as an amendment I am certainly going to support the motion by Mr. Wright.

Mr. WRIGHT: I was not aware at the time I put those figures in of that \$125 provided for in section 13, and I would like to change my suggested amendment to read as follows:

That in section 6, lines 14 and 15 we strike out the \$125 and substitute \$250—that is in section 2 (a)—and that in lines 17 and 20 we strike out the \$250 and substitute therefor \$500, including casual earnings. And in section (b) lines 23 and 24, strike out \$250 and substitute \$375, including casual earnings.

The CHAIRMAN: One of the points that will have to be cleared up is this: the government has, of course, agreed to what is now in the bill before us. I should point this out, that if this is put in the bill one of the effects of the increase would be to change the government's commitments with respect to expenditure. And now, the effect of the bill that we have before us is that he gets his War Veterans' Allowance and his pension of \$125—or if he is a married man a pension of \$250—that is the effect of the bill. The effect of the amendment is to say that a man shall have a pension not of \$125, but of \$250 in the case of a single man, and \$500 in the case of a married man, and still get his full War Veterans' Allowance.

Mr. GREEN: \$375 in the case of a married man.

The CHAIRMAN: Now then, the effect of that would be to increase the charge on the public treasury, and while the committee has the right to make that recommendation to parliament, I suppose in order to know right away—that is just one increase suggested. And then, as pointed out by the deputy minister, if this amendment goes through a married man could have a job paying \$60 a month, a steady job, and he could have a home worth \$4,000 and then draw his War Veterans' Allowance under the bill.

Mr. GREEN: Oh, no, Mr. Chairman.

The CHAIRMAN: That is the effect of the amendment. Then he could draw the mothers' allowance and any allowance with respect to children. That is the effect of the amendment that is proposed. He can have a steady job making almost \$50 a month—\$500 a year—

Mr. FULTON: That is considerably less than \$60 a month.

The CHAIRMAN: Well, \$500 a year, and he could have his home and his family allowance and to have that full allowance of \$730. That is the effect of the amendment. It would increase the charge on the public treasury very greatly. Are you ready for the question?

Mr. GREEN: He would be in the same position now if he had casual earnings of \$125.

The CHAIRMAN: But he would not have a steady job. This would enable him to have a steady job, or to stay on the labour market.

Mr. GREEN: He could have casual earnings.

Mr. QUELCH: The amount suggested would not alter the total amount and would have the effect of removing the difficulty with respect to a limitation of the amount of casual earnings. I suggest, Mr. Chairman, before calling for a vote, the minister might confer with the government and see if they would accept that increase in the amount to be expended.

Mr. WRIGHT: It does create a difficulty in the administration of the Act. There is the investigation required at the present time to see whether certain regulations are being complied with or not, to see whether the income in the form of casual earnings were what they were represented to be, or whether there was a steady income from other sources. I am afraid if you leave the Act as it is it is going to be very difficult to administer, and by doing this we will assist in the administration of the Act.

Hon. Mr. MACKENZIE: All I want to say is this, I sat in the House of Commons in 1930 when this Act was first passed, and every single year I heard nothing from everybody in the House but the utmost commendation of the principles of the War Veterans' Allowance Act. The question of regular earnings should not come into this thing at all, because if the man is able to have regular earnings he should not be entitled to the veterans' allowance; entitlement is supposed to be due to premature age or disability brought on by service in the war. I will be very glad to carry out the suggestion and to refer to the government the changes proposed; but I can tell you now, and I do not want in any way to be thought to be dictating to this committee, the government will not be prepared to accept the suggestion made.

Mr. QUELCH: That \$250 is supposed to include some job that the veteran might be able to take, and it would not be considered casual earnings.

Hon. Mr. MACKENZIE: That is not regular earnings, that is casual earnings.

Mr. QUELCH: If a man takes a job as a caretaker by the year, that is certainly regular income.

Mr. WOODS: The \$250 can be income from all sources.

Hon. Mr. MACKENZIE: Yes, and that would be classified as casual earnings.

Mr. QUELCH: If a man has any work he can do and he receives payment for it, surely I submit that that is regular earnings.

Hon. Mr. MACKENZIE: It is not earnings, it may be income.

Mr. GREEN: I think that point should be cleared up. In the statement which the deputy minister made, and nobody contradicted him, I think he stated that the money could come from any source whatever. I always understood that if a man could get a small job he could have up to \$250 earnings from that job exempt. If that is not earnings, I do not know what it is.

Mr. GUNN: Would it be any help to the committee if I pointed out that in the wording of the two sections we are now considering, they are practically identical with the wording of the sections that have been in the Act since 1930; and there has been no difficulty in administering the sections as they stand. The only difference now is the increase in the amount. That is the only substantial difference, and the work of administration is not affected at all.

Mr. GREEN: Could the deputy minister answer my question?

Mr. BENTLEY: Mr. Chairman, I cannot follow the minister's reasoning because a man might have either a very small amount over and above the limitation set out of what we will call casual earnings, and anything he earned over and above the limit would be deducted from the allowance to which he would otherwise be entitled. When you have a pension involved, a pension is not casual earnings. How could a pension be considered casual earnings? Any excess amount of casual earnings or other income would be taken off the total which the deputy minister has said was adequate as an allowance, and not only fair but generous under the circumstances.

For the married man, using the same argument, it would bring it up to \$1,130. I cannot see the minister's objection, or why the government would object. It is not asking for more money. It simply includes casual earnings with this, so that whatever one of these young men did, enough to bring it to \$250 is applicable and no more.

Mr. WOODS: Mr. Green has asked for a reply to his question as to the exemption of \$250 in addition to the allowance. The answer is this. The \$250 in the case of a married man was set on the assumption that the married man is no longer in the labour market. He might get an incidental job of looking after the furnace, or he might get a caretaker's job that runs at \$20 a month for the year. It permitted him to take that. But it does not permit him to

compete in the labour market and displace a veteran and take full time earnings. So \$250 was set on the assumption that he is all through on the general labour market; but he can take an incidental job, such as a caretaker's job or something like that, that did not exceed \$250 a year.

Mr. GREEN: Has it not always been the policy of the veterans' affairs board to encourage these men to take jobs of that type, to try to get them on their feet again?

Mr. WOODS: To the extent of the limitation, yes.

Mr. GREEN: That has always been the policy?

Mr. WOODS: Yes.

Mr. GREEN: Where does the \$125 casual earnings fit in with that man who has got a job and is getting \$250 a year?

Mr. WOODS: The \$125, Mr. Chairman and gentlemen, was introduced in order to exonerate the department from the responsibility of checking up on every 50 cents earned by the individual by looking after a furnace or taking off storm sashes or something. It would be an impossible thing for the department to check up on every 50 cents that a man earned. So the exemption was put in there to facilitate the work of the department more than anything else. Casual earnings here and there, 50 cents and \$1, will be exempted.

Mr. FULTON: Is not the effect of that \$250 and \$125, that it is intended to be taken together, giving him a permissible earning power of \$375 a year without deduction?

Mr. WOODS: No.

Mr. FULTON: That is all we are trying to make certain of now.

Mr. WOODS: No. If a man receives regular wages from one employer, so much a month or so much a week, that is taken as income. If, for example, a married man is earning \$40 a month he is only allowed \$20 exemption. Twenty dollars is deducted. The two are not lumped together. The casual thing is one thing and the earnings are another. It has been so administered for 16 years and I think without a great deal of difficulty or a great deal of question.

Mr. QUELCH: Casual earnings could be from more than one employer?

Mr. WOODS: Yes.

Mr. QUELCH: There would be nothing to stop a man from getting a job as caretaker at \$250 a year and having another agreement with the same employer that he would do odd jobs for the same employer for \$125, and in that way he would get \$375.

Mr. WOODS: I think if Mr. Quelch were administering the Act he would realize the difficulty that would lead him into. Casual is casual.

Mr. QUELCH: That is why I suggested what I did. I think we would save the department a tremendous amount of work if we said he could receive \$375 including casual earnings. It would relieve the department from having to define what was casual and what was earnings.

Mr. WRIGHT: I am not quite sure about that \$375. You could not classify it as regular earnings under any minimum wage law we have in Canada. He just could not earn that and have a regular job, and have his employer comply with the minimum wage law. I cannot see why the government would not be prepared to accept the amendment. I think it would simplify the administration.

Mr. MUTCH: Question.

The CHAIRMAN: Those in favour of Mr. Wright's amendment please raise their hands.

Amendment negatived.

Mr. GREEN: What was the vote?

The CHAIRMAN: 17 to 15. Shall the clause as it stands carry?

Carried.

The next item is clause 7. That was stood for the purpose of having the clause as it applied to widows made exactly the same as in regard to veterans.

Mr. BROOKS: Which clause was that?

The CHAIRMAN: Clause 7. Our solicitor has drafted up a clause which does that. There is no objection to it.

Mr. GREEN: Will you read it?

Mr. CHAIRMAN: That would make the clause read as follows:—

"7(2) Subject to the provisions of this Act, allowances shall on application be payable with the approval of the Board

(a) to a widow who

(i) has attained the age of fifty-five years; or

(ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or

(iii) is, in the opinion of the Board, incapable and unlikely to become capable of maintaining herself because of *economic handicaps combined* with physical or mental disability or *insufficiency*;"

I understand, Mr. Gunn, that that makes that exactly the same as the definition with regard to veterans.

Mr. WOODS: That was at Mr. Green's request.

The CHAIRMAN: That is correct?

Mr. GUNN: That is so, Mr. Chairman. It conforms with the language agreed to by the committee under section 5.

The CHAIRMAN: May we have a motion to substitute that as subsection (2) of clause 7?

Mr. MUTCH: I will so move.

The CHAIRMAN: Shall the motion carry?

Carried.

Shall clause 7 carry?

Carried.

Mr. MUTCH: That is as amended?

The CHAIRMAN: As amended, yes.

Mr. MUTCH: What is next?

The CHAIRMAN: The next is clause 8.

Hon. Mr. MACKENZIE: Carried.

Mr. GREEN: No, not yet. You have an amendment to read, I think.

The CHAIRMAN: Yes. That was already before the committee. I will read it the way it should be:—

The maximum allowance payable in any year to a widow without child or children shall be \$365 less the amount of any income of the recipient in excess of \$125 per annum.

That is to make it the same as the other section. That was left out inadvertently. Is that carried?

Carried.

Subsection (2) should read:—

The maximum allowance payable in any year to a widow with a child or children shall be \$730 less the amount of any income of the recipient in excess of \$250 per annum.

Shall that carry?

Carried.

Then subsection (3):—

The maximum allowance payable in any year to or on behalf of an orphan or orphans shall be \$360 in the case of one child of a veteran, \$648 in the case of two children of the veteran and \$730 in the case of more than two children of the veteran, less the amount of any income of the orphan or orphans.

Shall that carry?

Carried.

Then the next is clause 9. That was stood over.

Mr. WOODS: That was with respect to Imperials, Mr. Chairman.

The CHAIRMAN: That was stood over until we had arrived at a decision in respect of Imperials and those Canadians who served in England.

Hon. Mr. MACKENZIE: Carried.

The CHAIRMAN: May we declare it carried now?

Mr. PEARKES: Mr. Chairman, while we have discussed Imperials generally in relation to another clause, I think there is a special petition in respect to this clause which deserves still further consideration on behalf of those Imperial soldiers. I cannot help thinking that those Imperials, if they are domiciled in Canada now and also served in both wars, should have special consideration. Without going into all the details, I would move the following amendment. I would amend clause (b) so that it reads as follows:—

A person who served during World War I as a member of His Majesty's forces other than Canadian forces—

Change the word "was" to "is".

—is domiciled in Canada—

Eliminate the words "when he became a member of the said forces", and continue:

—and was a member of His Majesty's forces during World War II."

That means that a man may have served in the Imperial forces during World War I, lived in Canada, then served in the Canadian forces during World War II. I think that is a special class which deserves special consideration.

The CHAIRMAN: Just let us have the amendment here. It would read as follows:—

In this part, unless the context otherwise requires, "veteran" means

(b) a person who served during World War I as a member of His Majesty's forces other than Canadian forces, is domiciled in Canada now and was a member of His Majesty's Canadian forces during World War II.

In other words, as I understand it, your amendment does this, Mr. Pearkes. It covers anyone whatever who served in His Majesty's forces in World War II any place, in England or otherwise, who comes to Canada and is now domiciled here and during the war served in Canada's forces.

Mr. PEARKES: Yes, that is the point.

The CHAIRMAN: Your amendment provides that such a person shall have the benefit of this legislation.

Mr. WOODS: Mr. Chairman, may I get the full significance of this. This would mean that the war veterans' allowance would be paid to an Imperial who was not domiciled in Canada when he enlisted in the Imperials but who served with the Imperials during the Great War, came to Canada afterwards and served in Canada only in the second war.

The CHAIRMAN: That is right.

Mr. WOODS: In effect it would be to pay him an allowance because he served in the Imperial forces during the Great War.

Mr. GREEN: No.

Mr. BROOKS: Served in the Canadian forces during World War II.

Mr. WOODS: Yes. But it would have that effect. I mean, as the Act stands at the present time, you are denying it to a man who served in Canada and England in the Great War.

Mr. GREEN: No; not under this section, you are not. He does get the allowance under this part of the Act.

Mr. WOODS: I am sorry. I mis-stated the case. This morning you took the position that a Canadian who served in Great Britain during the war is not eligible for the allowance. This would give the allowance to the man who served in Canada only in this war.

Hon. Mr. MACKENZIE: And with the Imperials.

Mr. WOODS: And who served in the Imperials at some previous time.

Mr. GREEN: That is what we are asking.

Mr. WOODS: I should like the committee to get the significance of that.

Some Hon. MEMBERS: Question.

The CHAIRMAN: You have heard the amendment of Mr. Pearkes. All those in favour please raise their hands.

Amendment negatived.

Shall the section as it stands in the Act carry?

Mr. GREEN: Mr. Chairman, there are some other considerations I should like to bring up having to do with this section. I wonder if you would call it 1 o'clock?

The CHAIRMAN: Can we not carry clause 9?

Mr. GREEN: No. Clause 9 is the one I want to discuss.

The CHAIRMAN: Can you not bring it up now and then we can consider it afterwards, so that we will know what you are going to bring up then?

Mr. GREEN: I think we had better call it 1 o'clock. I move that we adjourn.

The CHAIRMAN: Can you not let us know what you are going to bring up?

Mr. BROOKS: He cannot let you know in 2 minutes. You should not expect that from Mr. Green.

Mr. Mutch: How many more have we got?

The CHAIRMAN: We have section 9, section 10. Just so that we make use of the 5 minutes that we have left, on section 10—

Mr. Mutch: You are letting section 9 stand?

The CHAIRMAN: Section 9 stands. Section 10 was stood over because of the slight question of whether the wording was as good as the previous wording; and I think the committee figured, after considering it, that the wording here was adequate.

Mr. GREEN: That is involved in my submission.

The CHAIRMAN: Then that stands. Section 11(1) reads:—

The maximum allowance payable in any year to an unmarried veteran or a veteran bereft by death of his or her spouse or a widow without child or children, shall be \$365 less the amount of any income of the recipient.

Mr. WOODS: Add the words "in excess of \$125 per annum."

The CHAIRMAN: "In excess of \$125 per annum." Can that be carried?

Carried.

Then subsection (2):—

The maximum allowance payable in any year to

(a) a married veteran shall be \$730 less the total amount of any incomes of such veteran and his or her spouse in excess of \$250 per annum.

Is that carried?

Carried.

And (b) a veteran bereft by death of his or her spouse with a child or children—

Mr. WOODS: Mr. Chairman, there are some words to be inserted there; insert "or a widow" after the word "spouse".

The CHAIRMAN: Oh yes, "or a widow". So that it would read:—

(b) a veteran bereft by death of his or her spouse, or a widow, with a child or children shall be \$730 less the amount of any income of such recipient in excess of \$250 per annum.

Shall the section as amended carry?

Carried.

Subsection (3):

The maximum allowance payable in any year to or on behalf of an orphan or orphans shall be \$360 in the case of one child of a veteran, \$648 in the case of two children of a veteran and \$730 in the case of more than two children of a veteran, less the amount of any income of the orphan or orphans.

Mr. FULTON: What is the difference in effect between this section and section 6?

The CHAIRMAN: This applies to a different class of veteran. This applies to the people who have service in two wars and the other applies to the other class of veteran. Is that carried?

Carried.

Mr. EMMERSON: I move we adjourn.

Mr. CHAIRMAN: That leaves us with sections 9, 10 and 13. Can we carry section 13?

Mr. FULTON: I have something on that.

The CHAIRMAN: That leaves us section 9, 10 and 13, then 6.

Mr. GREEN: And 19, too.

The CHAIRMAN: No. It was carried.

Mr. GREEN: Sections 19 and 20.

The CHAIRMAN: That was carried, Mr. Green.

Mr. MUTCH: 4 o'clock?

The CHAIRMAN: Can we meet at 4 o'clock to-day to finish this?

Mr. MUTCH: Yes.

The CHAIRMAN: We will adjourn until 4 o'clock to-day.

The committee adjourned at 1 p.m. to meet again at 4 p.m.

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: We let section 9 stand. Did you wish to make some observations on it, Mr. Green?

Mr. GREEN: Mr. Chairman, this Part III of the bill, as I read it, deals exclusively with the dual service veteran; that is, the man who served in two wars. Presumably it replaces what was known as the Veterans' Dual Service Pension Order. That order was passed on October 4, 1944 and was described as a pension order. The wording throughout the order in council also refers to pension rather than an allowance, although I understand that in effect at all times it has been really an extension of the war veterans' allowance.

Hon. Mr. MACKENZIE: That is right.

Mr. GREEN: So that the words "pension" and "pensioner" have really been misnomers.

Hon. Mr. MACKENZIE: That is right.

Mr. GREEN: And it is an allowance based on a means test.

Hon. Mr. MACKENZIE: That is right.

Mr. GREEN: Just like other war veterans' allowances. As I read this Part III, and I wish the minister or the deputy minister would correct me if I am wrong—

Mr. MUTCH: You can count on that.

Mr. GREEN: Well, I said the minister or the deputy minister; not the member for Winnipeg South.

Mr. MUTCH: I am not correcting you. I am just waiting for it.

Mr. GREEN: All Part III does is to extend the right to war veterans' allowance to Canadians who served in England or Canada in the last war and in Canada in this war. Is that correct?

The CHAIRMAN: That is correct.

Mr. GREEN: That is the only effect of this Part III.

The CHAIRMAN: Yes; because if they served outside of Canada in this war they would be entitled to it anyway. So that the only people it really helps are the people who served only in Canada in this war. If they did not have any service in the first war they would not be under the War Veterans' Allowance Act unless they were pensioners. So this gives rights to people who were pensioners and served in Canada only in this war, providing they served in the forces in the first great war.

Mr. GREEN: But it would only help the men who could not qualify because of their service in the last war; in other words it only helps Canadians who served in England or in Canada.

Hon. Mr. MACKENZIE: That is right.

Colonel GARNEAU: That is right.

Mr. GREEN: And the qualifications under Part III are just the same as they are in other parts of the Act.

Colonel GARNEAU: That is right.

Mr. GREEN: That means in effect that most of the dual service men, certainly most of the Veterans' Guard of Canada, are not eligible under this Part III for two reasons. In the first place they are not eligible because of the age and infirmity test. I am told that the average age of the men of the Veterans' Guard of Canada is about 51 or 52 years of age.

Hon. Mr. MACKENZIE: It is higher than that, I think. I think it is around 65.

Mr. GREEN: We had a brief sent down from Calgary. Every member got a copy of it. They made a test of a group of men in the Veterans' Guard out there and the average age that they reported last fall was 51.4.

Hon. Mr. MACKENZIE: I think it is higher than that.

Mr. GREEN: In the appendix to their submission they say the average age is 51.4, and that is broken down in this way:—

Ages 45 to 49	36 per cent
Ages 50 to 54	37 per cent
Ages 55 to 59	20 per cent
Age 60 or over	7 per cent

It may vary within one or two years of that age; but I do not think it could be disputed that the average age of the men in the Veterans' Guard was in the early 50's.

The CHAIRMAN: Order, gentlemen, please.

Mr. GREEN: So that the average man in the Veterans' Guard will be unable to qualify unless he is physically unfit. I mean, he is subject to that. He has got to show that he is either permanently unemployable because of physical or mental disability, or incapable and likely to continue to be incapable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency. In addition to that group, which I submit is the majority group . . .

The CHAIRMAN: Order, order, please.

Mr. GREEN: May I say that it is very nice to have the ministers in here, but if they would just keep still it would make it much easier.

Hon. Mr. ABBOTT: I am not saying a word.

Mr. GREEN: In addition to that group, about 25 per cent saw service with the Imperials in the first great war and they are not covered at all. They are automatically out. The figures given in this brief are 26 per cent. I think that consideration should be given to recognizing the service of these men, and not by making it the ordinary war veterans' allowance. They have asked that it be made a service pension; that is, that the payment be based primarily on the fact of their dual service. They have served the country twice in a generation. The figures show that the average number of years served is between 6 and 9 in the two wars. These figures will be found at appendix 1 of this brief. It shows as follows:—

6 years	17 per cent
7 years	19 per cent
8 years	19 per cent
9 years	15 per cent

That takes in by far the largest group of the men who were surveyed. They cannot take any advantage of the Veterans' Land Act. In effect it does not mean anything to them. They cannot take vocational training and they are very much handicapped in getting work.

Mr. WOODS: Mr. Chairman, Mr. Green states they cannot take vocational training. Anyone who served, if he needs it, can take vocational training; anyone who served in this war.

Mr. GREEN: I am saying that in effect, vocational training plans do not help them because when they have got their training they are too old to compete with the younger men.

Mr. WOODS: Oh yes! I see.

Mr. GREEN: We might as well face the fact that, for all practical purposes, vocational training does not help them very much. It is very difficult for them to get work. I know one of the unemployment insurance men told me in Vancouver a few months ago that he found it practically impossible to place a man over 50 years of age, and that was his job. He was going around trying to place these veterans.

Hon. Mr. MACKENZIE: Do they get these re-establishment credits?

Mr. WOODS: They get the re-establishment credit in lieu of training.

Mr. GREEN: I think so. The Reinstatement in Civil Employment Act is very little help to them at all. I think they are a group that are not adequately covered by the present provisions. The government has taken the stand that they will not grant a service pension. That I think has been made quite clear, that they will not be granted a service pension. But at least why not remove the age and disability test? In other words, why not make all of these men in the Veterans' Guard eligible for the allowance, provided they meet the means test? I do not want that to be taken as my saying I am in favour of the means test at all; but I do suggest that at the very least we should remove these qualifications that are contained in section 10, (a) (i), (ii) and (iii), so that the effect of doing double service would be to entitle the man to apply for the allowance.

Then I think consideration should also be given to doubling the amount of income exemption allowed in their case. Most of them would be fit for light work, although those jobs to-day are very hard to find. If they were allowed to make an income a little bit higher than is allowed ordinarily, I think perhaps that would help a great deal to meet their present difficulties. Those are the two suggestions I would make with regard to this Part III of the bill.

Mr. WOODS: Mr. Chairman, may I reply to Mr. Green. He stated, I think, that the average range of service of the veterans to whom he refers is approximately 6 years.

Mr. GREEN: No; 6 to 9 years.

Mr. WOODS: Even if it were 9, I would point out that, according to a statement I tabled with the committee some two weeks ago, if they were granted a service pension based on their length of service—if it were 9 years; if it were a service pension and if you used the scale that is now in vogue in the Department of National Defence—the service pension would be much smaller than the amount that is payable under the War Veterans' Allowance Act.

Mr. GREEN: Is it not a fact that under some circumstances service in war counts double?

Mr. WOODS: No. It does not for the purpose of service pension. It does towards a long service medal, the decoration. But it does not for service pension. It counts straight there. And if they get a service pension, they will get much less. I have no hesitation in saying they will get much less than is payable to them now. Another point Mr. Green made was that he advocated that the means test be removed. I should point out that these veterans—

Mr. GREEN: I did not say it in that way. I said I did not believe in the means test under the circumstances. But I was making the other two suggestions.

Mr. WOODS: I see. In any event, the suggestions that Mr. Green made are not available to combat veterans who saw two or three years combat service in

France; and none of these men saw combat service except the Imperials who came to Canada after their service in the great war. This was designed for men who did not see combat service, and the concessions that are advocated for them are not available to the veterans under the War Veterans' Allowance Act who did see combat service. As Mr. Green has quite rightly pointed out, these veterans are probably too old to take vocational training or university training. What they do get is what 80 per cent of the veterans who fought in this war will get. That is, they will get re-establishment credit instead of vocational training or settlement on the land.

One other point, Mr. Chairman, is this. I should like to point out that the minister recently appointed an officer—and I think it arose from a recommendation of this committee—in charge of the problem of placement of the veterans of two wars, the old soldier. I refer to Colonel Philpott, who had distinguished service in the great war and in this war and who is devoting his entire time to that work. He has also had conspicuous success in finding new openings and in the expansion of the Corps of Commissionaires and so forth. It is Colonel Philpott's whole job to devote himself to the problem of placement of the old soldier, and to reporting and suggesting policies to the minister.

Mr. MUTCH: How many have you got in the Corps of Commissionaires now?

Hon. Mr. MACKENZIE: It operates in all the provinces except that in British Columbia they are all in one organization. British Columbia is on its own. We have sent Colonel Philpott out there to discuss it with them in regard to employment, discussing the placement on public works and every possible vacancy across Canada, with provincial and municipal authorities. If I may say so, he is a live wire and he is working hard on this very problem in regard to dual service veterans, mostly by way of employment.

Mr. GREEN: The Corps of Commissionaires functions only in the larger cities?

Hon. Mr. MACKENZIE: That is true; but plans are now being developed to increase the establishment quite substantially if they are successful. I am not sure whether they will be or not. In any case, he is giving us a most comprehensive understanding of the whole problem in regard to the placement in employment of these dual service veterans; and after all, that is the essential thing, I think.

Mr. FULTON: Mr. Chairman, I am sorry but I did not quite get the deputy minister's point with reference to service in a theatre of actual war. I have looked through the Act to see if it was covered in this bill, but I do not see anything in this part of the Act which would require a veteran to have served in a theatre of actual war in World War I before he qualified for this allowance.

Mr. WOODS: I pointed out that the group of veterans that the section of the Act is designed for are men who did not see combat service, with the exception of the Imperials who served in a theatre of war and came to Canada after the great war. But in so far as members of the Canadian forces are concerned, this section is to provide for men who did not see any combat service. If they did see combat service they would be eligible under Part I of the Act.

The CHAIRMAN: Shall we carry section 9?

Mr. GREEN: May I ask a question there? Is it not a fact that in the average case where a man of the Veterans' Guard is 52 or 53 years of age—

Mr. MUTCH: A little louder, please.

Mr. GREEN: Where the average man of the Veterans' Guard is 52 or 53 years of age, he will not be able to get any help under this Part III of the Veterans' Allowance Act until he reaches 60 years of age?

Mr. WOODS: No.

Mr. GREEN: In other words, for the next 7 years he will get no help.

Colonel GARNEAU: No. He may qualify under the physical or mental disability clause.

Mr. MUTCH: Pre-ageing?

Colonel GARNEAU: Pre-ageing and economic handicap and so on.

Mr. GREEN: He has got to be both. What is the harm in taking out that restriction for these men who have this long service?

Mr. WOOD: This section, Mr. Chairman, was very broad indeed. This section 10 (a) (iii) reads: "In the opinion of the board is incapable and likely to continue to be incapable of maintaining himself because of economic handicaps combined with physical or mental disability or insufficiency". That was deliberately designed so that where a doctor does not certify that a man was unemployable, the board taking into consideration economic conditions, his shortcomings, his handicaps, his inadequacy and so forth, may still give him an allowance.

Mr. GREEN: But that is not meant to cover all the cases. It will still only apply to the exceptional case. I suggest if the intention is to interpret it very broadly, why not remove it in the case of these men with that double service?

Hon. Mr. MACKENZIE: Would that not hurt rather than help?

Mr. GREEN: No. If you simply have the section read: "Subject to the provisions of this Act allowances under this Part shall on application be payable with the approval of the Board to a veteran."

Then "veteran" is defined under the preceding paragraph 9; that is, a veteran for the purpose of this Part III.

Mr. MUTCH: Mr. Chairman, is it not a fact that in the interpretation of this legislation at the present time the board is in effect saying this. If a veteran is 52 or 53 years of age and has perhaps a home or family connection in a specific community where he is for economic reasons unemployable,—in spite of the fact that if he had happened to live in Winnipeg or Toronto or Vancouver or some place else he might conceivably be employable, the situation is that within the economic area in which he lives he is not employable—the grant is given. Is not that the general practice?

Mr. GREEN: No, there has to be physical incapacity as well.

Mr. MUTCH: We spent days in trying to get it wide enough to give the board latitude to do the thing which I am now suggesting is being done. I have followed Mr. Green's argument with considerable sympathy, but I have a feeling that the language of the Act has been used successfully; and if we narrow it in any sense, I would have to be assured that some substantial protection was afforded.

Mr. GREEN: I ask that these restrictions be taken right out so there would be no limitation; he would not have to be sixty years old and so on.

Mr. MUTCH: But would you be removing the general language which permits the board to do something?

Mr. GREEN: It would extend it and leave it wide open.

The CHAIRMAN: One of the difficulties that would have to be faced is this: a man who served four years on the front line in the last war and was in exactly the same position as the man Mr. Green has described, would be without the benefit by this change. He mentioned a man who served one year in the last war in Canada and two or three years in this war in Canada and he said that he would come within the benefits that he has suggested, whereas the man who served in the front area, perhaps longer in the first war, would not get them. I

do not see how you can justify that. If you make that change here, you will have to say that the same rights apply to the man who served in the first great war. By what method can you justify doing more for a man who served in the forward area in the second great war and not do the same thing for the man who served, in the same way, in the first great war?

MR. BROOKS: May we have the number of men who will be receiving the dual pension under subsections 1, 2 and 3?

HON. MR. MACKENZIE: There are very few.

COLONEL GARNEAU: We have 133 dual service pensioners at the present time. I could not tell you offhand under what section they are receiving it, but most of them, a good number of them, would be receiving it under the handicap section.

MR. BROOKS: Under the third one?

COLONEL GARNEAU: Under two.

THE CHAIRMAN: May we carry section 9?

Carried.

Now section 10. I have had distributed a proposed amendment drawn up by the solicitor to meet the objections made by various members of the committee and to make sure that the widow gets the same consideration as the veteran who reaches an age, in regard to female veterans of 55. You have that proposed amendment in front of you now. Does the committee wish me to read this amendment, or have they familiarized themselves with it? I shall read it to you so that you can see that the change is as I have stated: The proposed amendment reads as follows:—

10. Subject to the provisions of this Act, allowances under this part shall on application be payable with the approval of the Board to

- (a) any male veteran who has attained the age of sixty years;
- (b) any female veteran who has attained the age of fifty-five years;
- (c) any veteran who, in the opinion of the Board,
 - (i) is permanently unemployable because of physical or mental disability; or
 - (ii) is incapable and unlikely to become capable of maintaining himself or herself because of economic handicaps combined with physical or mental disability or insufficiency;
- (d) a widow who
 - (i) has attained the age of fifty-five years; or
 - (ii) is, in the opinion of the Board, permanently unemployable because of physical or mental disability; or
 - (iii) is, in the opinion of the Board, incapable and unlikely to become capable of maintaining herself because of economic handicaps combined with physical or mental disability or insufficiency;
- (e) an orphan.

MR. BROOKS: What does insufficiency mean there?

MR. WOODS: That was intended for the inadequate person, a man who is not robust, a small-built man commonly described as a "runt"; in short, a little chap who, though young in years, is unable to work.

THE CHAIRMAN: Or it might apply to mental incapacity. It means a person who is insufficient to meet the problems that he has to face in the circumstances in which he finds himself. I think this draft, gentlemen, meets the objections raised by the committee. May we declare it carried?

Carried.

Now, the next clause, gentlemen, is clause 13. May we declare that carried?

Mr. BROOKS: I was going to ask about subsection 2. There was a question about deleting it when we went through it before.

Colonel GARNEAU: It has been deleted.

The CHAIRMAN: The main change in 13, as the committee can see, is to change the \$2,000 value of the house which the veteran may have without affecting his allowance, to a value of \$4,000. Of course, the order in council is already in effect, covering the fact that family allowances are not to be taken into account, and gratuities or credits under the War Service Grants Act are not to be taken into account. May I declare clause 13 to be carried?

Mr. FULTON: In connection with subsection (d) arising out of a case which I discussed before, the question involved was: "what is a year". The case was that of a pensioner or recipient who was in receipt of an allowance and who earned more than the permissible amount in any one year. He went to work and worked over the end of the year. He worked in December and January; and his impression was that he could earn the maximum of \$125 in any one year, taking the calendar year. But the board, however, the moment he went to work—supposing he went to work in September—said; between September of this year and September of next year you will have earned more than \$125; therefore your allowance will be reduced by the amount which you earned over \$125. The veterans were given the impression that they were to disclose their earnings from January to January, yet this man accepted this work and accepted the money, and then the Board set the date of September to September and he had earned more than the permissible amount. I think it should be made clear to the veterans that the year is not the calendar year, or else we should amend the Act to say that the cash earned by the recipient should be \$125 in any twelve-month period. We should do one of two things; either it means any twelve-month period or it means the calendar year.

Colonel GARNEAU: For the purposes of the board, it is not necessarily a calendar year. That policy has been followed in order to give the veterans the greatest benefit possible under the legislation. For instance, a man may have received an allowance on the first of May, everything runs smoothly. We hear nothing from him until, October or November. Then, he advises us that he has secured a job as a caretaker, or a furnace man in the collegiate institute or some other place, or any other situation, and that he most likely will be employed till May or June next. Well, at that time, if we are notified right away, we suspend his allowance from the date that his employment commenced. That is automatically done. For our purposes a new veterans' allowance year is created giving him the benefit without any deductions, so, coming back to the amount of the allowance he has already received from May to October. For the purpose of the Act, we must have a yardstick. We will take, say, October, which is the time he started. Now the allowance or income during that new period must be taken into account. Should he remain on the job in February or March, and not receive the income permissible, at that moment we can resume the allowance at the rate which would permit him, in connection with what he has earned, to have all the benefits of the total exemption and they will finish his new veterans' affairs year in October; and then it is a closed chapter. We can bring him up to the full allowance providing in the meantime he has had no additional income from other sources. But if he fails to report his employment—that is, I think made clearly, known to him by the investigators—a letter of notification is sent when he is awarded an allowance. If he fails to notify us that he has secured employment at \$25 or \$30 a month, say, whatever the amount may be, from the first of October, and we hear about it or learn about it in the month of May, and he is still working at that time, we have to suspend his allowance and readjust it according to the amount he has made, with or without overpayment; but the allowance has been, if you

will note, continuing during those months when he was employed, most likely, and the overpayment, which is unfortunate, has to be recovered as a debt due to the Crown at that time.

Mr. FULTON: I think that is a fair statement. Take the case of a veteran who has employment for approximately six months, from October to March, say, as a caretaker. He makes \$75 in 1945, and another \$75 in 1946. In the calendar year, in any one of those two years, he made the permissible amount; but when he comes to work in September, he has earned \$150 which is \$25 more than he is allowed to earn in any one year, if you do not call it a calendar year. So you will actually penalize a veteran by this flexibility with regard to the year. It would be all right if the veterans understood, but most of these men are elderly people and they get confused and alarmed when they get a letter from the Board saying: "your allowance is suspended"; and they do not understand the regulations. I think it should be made quite clear to them that if they earn more than the permissible amount in a twelve-month period they will be penalized. I think it should be the calendar year because it makes it simpler for the veterans.

Mr. Mutch: Would you not agree so long as they said it was for the period of twelve months? There are more people who might derive benefit if that principle were carried out in practice, Mr. Chairman, than by arbitrary selection of a calendar year, because the only person who stands to benefit materially by using the calendar year is the man who works over the break. If you eliminate people who work in the winter months, from October to March say, they might get an advantage; but with those whose seasonal work is during the summer months—and I think with people of that age seasonal work is more available in the summer than in the winter—I think we should make it abundantly clear that it is over a period of twelve months in any one year. People think naturally of the income tax year.

Mr. FULTON: I do not see how that can be done. I will read one paragraph from a letter I received from the people for whom I am speaking:—

Their questionnaire we received in January of this year was from January 1 until December 31. Now they have it that their fiscal year is July until July. Can they make the fiscal year to suit themselves? It looks that way. I wish you would be so kind as to find this out for us.

I think the only way we can make this clear and comprehensible for the veterans is to adopt the calendar year and make the regulation accordingly. Perhaps the chairman could give us some further views.

Mr. GUNN: Is not this a matter which could properly be taken care of by the regulations that have already been approved by the committee as to the manner of payment of allowances, and so on?

Mr. HERRIDGE: I was glad to hear Colonel Garneau's explanation. I have two cases of two men who quite unintentionally exceeded the allowance on this basis. They believed that the government did business on a calendar year basis and it caused them a lot of misunderstanding and heartache.

Colonel GARNEAU: I do not want to be too definite on that. I would not say that familiarity breeds contempt but by force of habit we have a feeling with respect to these forms, that sometimes we may overlook a detail. I am under the impression that the questionnaire referred to by Mr. Fulton was what we call the "live certificate", which is used in cases where we do not carry out a physical investigation where we do not send investigators out; we just ask them to fill in a statement. I am under the impression without wanting to be too sure of it, just at this moment, that it was the income year, or income from the man or his wife during the last twelve months. I will check up on that and give you further information. I think on that point that it is only a matter of amending

the form, if we have used inadvertently the word "year"; but in our letters to the veterans we make it clear to them it is from such a date to such a date.

Mr. FULTON: Are you strongly of the opinion that making it inflexible and adopting the calendar year would do any harm?

Colonel GARNEAU: I think it might restrict the Board's discretion to a certain extent; it would make the date arbitrary. If the veteran has been receiving an allowance from the first of January and has been getting the full amount and nothing transpires, then comes October, when he is receiving nearly the full amount during the year and he obtains a job at \$100 a month for October, November and December; automatically you are going to have an overpayment of some amount in that case; that is the danger. It may not be dangerous at the beginning of the year but there is no hard and fast amount.

Hon. Mr. MACKENZIE: Perhaps I might finish the discussion by saying that the Board will be instructed at once to review the circumstances in the light of the suggestion offered by Mr. Fulton to clarify the entire situation, and draw up regulations which will be considered to be in the best interest of the veteran.

Mr. BROOKS: I do not see how, if a man applies for an allowance, you can start a year on January 1, if he applies on July 1. I think the year should start when he applies for his allowance.

The CHAIRMAN: The Board to-day is trying to do the best it can for the veteran.

Mr. BROOKS: That is perfectly satisfactory and I should like to thank the minister for his assurance.

Mr. QUELCH: Are these forms sent out to all veterans as a matter of routine?

Colonel GARNEAU: Only to certain classes, to those whom we feel we do not have to check up very much. When after two or three years they have been on allowance we never find any changes in their income.

The CHAIRMAN: Shall the item carry?

Carried.

Mr. GREEN: There was one other feature. The deputy minister said this morning that the practice now is to allow the veteran to have \$1,500 if he is a married man and \$750 if he is single?

Colonel GARNEAU: Yes.

Mr. GREEN: Now, I presume anything in the way of money in the bank or victory bonds or personal property of that type; furniture is not counted.

Mr. WOODS: No, liquid assets.

Mr. GREEN: That does not appear anywhere in the Act that I can find, and I think, perhaps, it should be put in this section so the veteran knows exactly what his position is. There is one very unfortunate feature about the allowance. It is if a man has saved up to \$2,500 when he applies for the allowance he cannot get it until he has first of all spent down to \$750, and that, I think, is a very undesirable feature. Frankly, I think the suggestion in subsection (j), "the receipt of unearned income to the extent of \$25 per annum", should be made at least \$50 per annum on the understanding we had the other day that that \$25 is based on the interest on \$1,000 at 2½ per cent. Now, there is a conflict between the statement made the other day and the statement made by the deputy minister this morning about the \$1,500 and the \$750, but whatever the law is to be it should be set out in the Act so as veterans know exactly where they stand.

Mr. WOODS: I do not think there is much conflict in that the \$1,500 has reference to cash. The \$25 has reference to an investment income.

Mr. GREEN: But suppose a man has \$1,500 in cash, a married man, and then has \$1,000 in victory bonds; what is his position?

Mr. WOODS: I would rather doubt if you could consider him to be in necessitous circumstances.

Mr. GREEN: He would not be eligible?

Mr. WOODS: No. Then I want to say this. Mr. Green says that if a person is thrifty and saves he is penalized for so doing. That is true. I do not know of any social legislation that does not penalize thrift and industry. All social legislation does that. It gives to those who are not able to take care of themselves. As to writing in the Act that \$1,500 in cash assets is exempted, I suggest if you do that you are going to rule out certain cases. I am sure if the board encountered a man who was bedridden and had a family and had this \$1,500, they would probably waive that and give him the allowance, but you leave them that same latitude to meet deserving cases. If you write it in the Act and he has \$1,500 he can get nothing; you are going to exclude the other deserving cases.

Mr. GREEN: What about the other cases, where a man has \$1,500 and you rule that he can only have \$1,000? You rule he cannot get the pension allowance until he has come back down to \$1,000.

Mr. WOODS: I said this morning and I repeat that he can have up to \$1,500 in cash if he is a married man without being ruled out of the allowance, and in the case of a single man it is \$750.

Mr. GREEN: Surely it would be to his benefit if it were set out in the Act?

Mr. WOODS: If you do that you will exclude a man whom you might want to take care of.

Colonel GARNEAU: May I point out that formerly—and I think that Mr. Woods will remember that—our former yardstick was \$500 and \$1,000, and we had found a fair yardstick from the beginning of the legislation. Now, since—I presume it is 1938 or 1940—with the higher cost of living and the expenses caused by the war and so on the board has decided to raise the ante, so to speak, to consider \$1,500 exempt for a married man and \$750 for a single man, and that was done within the discretion of the board, and we have had no complaints about it one way or the other. I mean to say, the minister or the government did not scrutinize these cases too closely to find where lay our authority to do so, and at the same time the veterans benefited by that larger interpretation, in reasonable circumstances, that we try to put on it.

Mr. GREEN: In how many cases have you gone over the \$1,500?

Mr. WOODS: Basing this whole argument on the statement that you could go over the \$1,500?

Colonel GARNEAU: I could not say how many cases. Several have come to my attention where we found the allowance in payments—I did not expect to deal with the cases myself, my colleagues may have done so. On review I found that when the case was originally approved that man and wife had probably \$1,780. One case goes to \$1,800 where they had a sick child who had to undergo a serious operation and they had other children who were going to school and they were having a hard time. They had lost a substantial amount of money in a few years before that, and we put on that allowance. I do not recall the name at present. The case just passed before my eyes. That is one instance. Generally, though, we try to use that as a yardstick in fairness to the government, the state and the taxpayer.

Mr. GREEN: What happens in the case of a single man who has \$750 in the bank and \$1,000 in victory bonds?

Colonel GARNEAU: We would feel that that man would hardly be in such necessity as to apply to the state for help and a living allowance at the time he had that amount. We would in all likelihood write back to him and say,

"Your assets are so much; if they are reduced to the vicinity of \$700 or \$800 you are free at any time to make application," leaving him that in the Act for an emergency if he is sick, and bearing in mind also that most or all of the veterans now in case of sickness are entitled to treatment by the department and they are not put to very heavy expense.

Mr. GREEN: Do you work it this way? If he has \$750 made up of cash and bonds he can get the allowance?

Colonel GARNEAU: Yes.

Mr. GREEN: And if he has more he is out?

Colonel GARNEAU: Yes.

Mr. BROOKS: What do you do with the man over sixty years of age? What is the deduction?

Colonel GARNEAU: It does not make any difference—age does not make any difference.

Mr. BROOKS: At fifty-five he is in necessitous circumstances?

Colonel GARNEAU: No, it applies throughout; we apply the interpretation of necessity throughout.

Mr. HERRIDGE: Under this draft a married veteran could have \$5,500, spend \$4,000 in purchasing a home and have \$1,500 left and secure the benefit if the other qualifications are satisfactory?

Colonel GARNEAU: Off hand, I say yes.

Mr. HERRIDGE: I think that is extremely generous. I wish most of these things were in the same situation.

Colonel GARNEAU: He has a home and an exemption of \$1,500.

Mr. GILLIS: I disagree 100 per cent with the statement made by the deputy minister. I could prove that to him if I took time. Under a proper social security set-up thrift and industry do count, and I think the minister will agree with that, where you assess the wealth of this country and make the benefits accrue to the individual. If that were done that would encourage thrift and industry to a greater extent than what we have to-day.

I am concerned about this section as it applies to the widow. As applied to the ordinary individual it is fair, but suppose a soldier receiving the veteran's allowance passes away and leaves to his widow \$1,000 in insurance. She makes an application for the widow's allowance under the Act. There is a means test that compels her to spend that \$1,000 before she qualifies.

Colonel GARNEAU: No, I think I have stated here—I do not know whether Mr. Gillis was here at the time—I said the board in the matter of liquid assets at any time exempts \$750 belonging to a single veteran or \$1,500 belonging to a married veteran, and \$1,000 to a widow. The larger exemption to the widow as compared with that given to the single veteran derives from the fact that no departmental medical attention is available to the widow, and the same applies to the larger amount granted the married veteran as his wife and children are also not entitled to free medical care.

Mr. GILLIS: Thank you.

Mr. LENNARD: I have in mind a case of a captain's wife who worked a considerable time in 1945 and therefore he was cut off from the veterans' allowance, and in this particular case I have in mind it has caused a good deal of ill feeling within that family and this particular chap is more or less being kicked from pillar to post and is half starved, as a matter of fact. If he were considered as a single man I believe that would solve the situation.

Colonel GARNEAU: We do that in some cases. The practice is to tend to become generous.

Hon. Mr. MACKENZIE: That used to be done. Will you send that case in to us?

Mr. LENNARD: Yes.

Item carried.

The CHAIRMAN: Section 18(1) (c). The suggestion was with regard to the age at which the allowance could be paid in respect of a child if he is making satisfactory progress in a course of instruction approved by the board, that nineteen years was too low an age, and it has been brought to my attention that the Pension Act says twenty-one years. I have asked the minister to consider the matter in the light of the remarks of the committee. I do not know whether he has anything to say.

Hon. Mr. MACKENZIE: I think it should be the same in all Acts.

The CHAIRMAN: That could be changed to the age of twenty-one years, and that will meet the suggestions of various members of the committee. Shall section 18(1) as amended carry?

Carried.

Section 18(2). This also was allowed to stand. The purpose of that was to cover a widower or a widow who had a child over the age of twenty-one years and who was unable to keep his home up by the allowance being continued at the same rate. The idea was that the home should not be broken up by the allowance being cut back to a single allowance when the child's age exceeded twenty-one years. That stood because there was some question about it. The suggestion was that the allowance should be continued even if the child had to be maintained in some other home where the surviving parent could go to visit that child from time to time and partially maintain him there. The purpose of the Act was, of course, to enable the home to be kept up; and the suggestion is that this be extended in the same way so that even if the home could not be kept together the allowance could be kept up in order that the father could put the child in some place with a relative and could visit that child from time to time and feel that he could continue to maintain some relationship with his child even if he was not able to maintain him when he was over twenty-one years of age. I think I have stated the reason for allowing this to stand. Perhaps the solicitor would say whether the proposed amendment would cover the case of a man who has perhaps no real home of his own having his child in the home of a relative and being able to visit that child from time to time, and continue to get the allowance so he could continue to partially maintain the child.

Mr. GUNN: Mr. Chairman, the department has given a good deal of consideration to the point raised, and it involves consideration of the use of the expression "residing" or "residence" in the next section. In the section under discussion at the moment it was suggested that instead of the word "resides" we use the words "is maintained". That is in a situation approved by the board and the surviving parent is contributing to his or her support. Now, the only real objection to this is that the veteran may allow the child to be brought up by friends or relations who are quite willing and quite capable of maintaining the child wholly at their own expense, and if a veteran should allege that he contributed as much as one dime to the support of the child in that other place he would embarrass the board by claiming allowances on the child's behalf. In other words it defeats the purpose of the Act which was to allow these sentimental attachments of parent and child and vice versa to be evaluated by the board. As I said, the whole question might be considered in relation to the next section.

I may say that when the Act was passed in 1930 it authorized allowances to be paid in excess of that provided for the single veteran only where a married veteran resided with his spouse, or for a widower if his child resided with him. Now, the practical application of the present law is that the husband and wife are separated for reasons over which they themselves have no control and they are regarded under the Act as still living or residing together. That is a concise way of putting the policy of the board as interpreted by the Department of Justice.

Now, in my opinion, if new words are introduced either in this subsection under consideration or in the following subsection they will open up the whole field and involve the whole question of separated wives and will perhaps require the board having to pass on many cases which will involve the taking of evidence and adjudicating on matters where they are hardly prepared to get proper evidence. At best such adjudication would have to be based on unsworn statements, or if sworn not subject to the test of cross-examination found ordinarily in court proceedings. It might be claimed that in many deserving cases where veterans and their spouses are not residing together allowances at married rates should be paid, but if the present policy of the board is followed, as confirmed by Justice, it is considered that these deserving cases could be provided for. If, however, the minister feels that the Act should be widened to take in such cases where the wife is living apart from her husband under circumstances which in the opinion of the board entitle the spouse to be maintained by such a veteran, then I can put forward a certain amendment to take care of that situation.

The whole thing is bound up in the matter of filial relations and conjugal relations, and the whole plan is to keep that home together. As I say, that has been the policy of the board in the past and I fear if we start to tinker with the wording at this stage, we might find ourselves into that wider field of having to set ourselves up as a court to consider domestic relations, whether or not people are entitled to be maintained after left husbands and vice versa.

MR. BROOKS: That is not the point, Mr. Chairman, is it? I thought we were dealing with subsection (2) of section 18.

MR. GUNN: That is involved in this.

MR. BROOKS: That has to do with a child over 21, incapacitated and living with parents. We all know there are lots of families in this position. This speaks about children with mental and physical disabilities. Perhaps you will find in a family someone over 21 years old who has a mental disability and the parents do not wish the other children to be associated with that child; they try to make some provision for the child to be cared for at some place else. It would seem to me in a case of that kind, for the benefit of the family and the younger children, that they should be allowed to place the child somewhere else and remove any influence it might have on the younger children for the benefit of the family.

THE CHAIRMAN: Here is the reason for that. The feeling is that up to 21 there is perhaps some obligation in respect of that child. Beyond 21 years the feeling is that, if the child is unable to maintain itself through some defect, it is not a matter of war legislation; it is a matter of social legislation.

MR. BROOKS: That is not the argument we heard the other day. The argument was that if the parents were dead, it would become an obligation of the municipality or the county. But while the parents are living they still have the responsibility over 21 years of age. Here is a child with a mental defect. They want to place it away from the other children. It is not fair at all to the other children to have this child in the home. Under that section we are asking that some provision be made for this particular type of child.

MR. WOODS: May I ask Mr. Gunn if the board is competent to interpret by regulation what "residing together" means? If so, it can certainly provide by regulation for the type of case Mr. Brooks speaks of.

Mr. GUNN: I doubt if I would go so far as to say that they can interpret by regulation, but they can follow the advice of the legal advisers of the crown in the Department of Justice in the final analysis, and that is what they do. They have found in the past that it worked reasonably well in such cases. Such cases as have been mentioned have been taken care of. It is all a question of the degree of permanency of the other habitation of the child, the other place where the child is living. If it is a temporary arrangement, the allowances are continued; but if it is a permanent one then it is regarded as an obligation of the municipality or some other welfare agency.

Mr. GREEN: Where there is an express provision made in the Act, as there is in this section, would you say that could be overridden by any regulation?

Mr. GUNN: No, I do not think so, Mr. Green. But the interpretation of the word "residing" could be given a most generous and liberal interpretation.

The CHAIRMAN: I might say that there was great hesitation to agree to this at all. They said there should not be any attempt to recognize any obligation in respect of a child under the War Veterans' Allowance Act beyond 21 years. The actual ground on which it was agreed that it be extended was to enable a home to be kept together. Once you get away from keeping a home together, then you are getting into the field of recognizing a life pension to a child of over 21 years.

Mr. BROOKS: Not after the parents die.

The CHAIRMAN: Well, on what conceivable ground do you say you should pay in respect of a child up to 50 years of age and stop the moment the one remaining parent dies? He has got more reason then to want one when the last parent is gone than he had before.

Mr. BROOKS: I am not making any such recommendation as that.

The CHAIRMAN: It would seem to me if you do not leave it on the basis of keeping the home together, you are then writing into the Act the principle of maintaining a child unable to maintain itself beyond 21 years and putting it into the War Veterans' Allowance Act.

Mr. BROOKS: But it is in the Act now.

The CHAIRMAN: No.

Mr. BROOKS: Over 21 years of age.

The CHAIRMAN: No.

Mr. BROOKS: If it is physically or mentally incapacitated and not able to earn a livelihood.

The CHAIRMAN: No. I am pointing out to the committee that this is a new principle which we are proposing to write into this bill. It is absolutely new, and I am pointing out that it was very difficult to get this agreed to because the very argument was made which is now being advanced in this committee, that if you ever agree to pay anybody in respect of a child over 21 years of age, then the demand will at once be made that it should be paid in respect of that child whether the parent is alive or dead and whether the child is living with the parent or not. The argument was made, in order to get concurrence in this legislation, that it was being based solely upon the sentimental ground of not breaking the home up the moment the child reached 21 years of age. We figured that we could keep it to that very principle of keeping the home together. Of course, obviously—and I must say this, because this is the history of the thing—if the committee is going to insist on going beyond the principle of this thing, then the very argument against its introduction is going to be proved, namely that we are laying the foundation for allowing pension to children under this War Veterans' Allowance Act. That was the very argument used against it and that was the only argument used against it. The argument was that you should not try to write into the War Veterans' Allowance Act a life pension to children who are unable to maintain themselves. If you keep it up to 21 years of age, then that is all you should pay under the War Veterans' Allowance Act; and

beyond 21 they are the responsibility of the province or the responsibility of social legislation. This is only so that the widow does not have to break her home up if she has got a child that is unable to maintain itself from mental or physical disability. I am quite sure from the history of this thing, Mr. Minister, that if there is an attempt to widen it and make the child over 21 the responsibility of the War Veterans' Allowance Act, then of course we run into the very argument we met when we were trying to get this very section approved.

Mr. GILLIS: Mr. Chairman, there is such a thing as extenuating circumstances. I agree with your remarks in general, but take a case like this. The father is the recipient of war veterans' allowance. The mother has been dead maybe for 15, 16 or 20 years. The oldest daughter maintains the home and raises the family. She reaches the age of 40 and is physically incapable of going out and starting all over again for herself. The father dies. That girl has sacrificed her life for the father because he was a cripple from the last war. Do you not think, under those circumstances, that we should have some responsibility to that girl who raised his family, looked after the father and replaced the mother in the home? There are there, I think, extenuating circumstances where we should have some obligation to that girl. She has got beyond the age where she can go out and make a start for herself.

The CHAIRMAN: It would be quite a thing to put it under the War Veterans' Allowance Act.

Hon. Mr. MACKENZIE: Oh, no.

Mr. GILLIS: Only where the father was a recipient of war veterans' allowance. I think that a case of that kind should be included for pension, if the father was a pensioner. If the father was only a recipient of war veterans' allowance, I think we have a moral and financial obligation to that girl.

The CHAIRMAN: Well, you would have hundreds and hundreds of cases.

Mr. GILLIS: I do not agree with that argument at all. I think that the board should have some administrative latitude in cases of that kind.

Hon. Mr. MACKENZIE: They have it now.

Mr. GILLIS: I think they should have administrative latitude where there are extenuating circumstances like that. I think they should have authority to correct what is, I think, a grave injustice. That would not throw it wide open. There would not be many cases of that kind.

Hon. Mr. MACKENZIE: There is a sense of proportion in all these things.

Mr. GILLIS: There are cases of that kind of thing.

The CHAIRMAN: There are difficult cases and sad cases, we know.

Hon. Mr. MACKENZIE: And there always will be.

The CHAIRMAN: We put it in the War Veterans' Allowance Act which was designed originally for the veteran himself; then it was extended to the widow; then it was extended to the orphan; and now you are extending it to children beyond 21 to keep the home together.

Mr. GILLIS: I am merely asking for an extension to that girl who replaced the mother. She is really in the position of the widow.

The CHAIRMAN: Then you would have the Act extending to daughters as well as widows.

Hon. Mr. MACKENZIE: Yes. Let us keep our heads.

The CHAIRMAN: May we carry this section 18 (2) as it stands?

Carried.

The only remaining items are section 19 (1), (2) and (3). Again, the reason why these sections are apparently a little bit rigid was the idea that was behind this Act. Ever since I have been in veterans committees I can remember this being said, that some old soldiers maybe get a little bit cranky and difficult to get along with.

Hon. Mr. MACKENZIE: Hear, hear.

The CHAIRMAN: And the time might come when by mutual consent perhaps, after a little bit of a spat, the wife might say, "I would be happier living with my sisters and you had better go and live with your brother" or something and they would both continue to get the allowance. Then after a time the old veteran would begin to get kind of lonesome for his wife, but there is no compulsion on the wife to come back. She can still draw her allowance and he is treated as a single man. The whole basis of this thing was to make things better for the veteran, and we should be careful in any amendment that is going perhaps to make it possible for a man to be left by himself. That is one of the reasons why there should be an allowance given in respect of the wife that enables him to keep his home together and any change should be made with that in mind. It is to protect our old comrades. Shall the section carry?

. Carried.

Now, that brings us to the end of the sections. May we have a motion to report this bill?

Mr. FULTON: Has section 22 carried?

The CHAIRMAN: Yes, we have carried everything, Mr. Fulton.

Mr. FULTON: I guess we were absent on business of state at the time. I have a very short suggestion to make and it would not take very much time.

The CHAIRMAN: I think that is quite all right.

Mr. FULTON: With the permission of the committee, I will just make it. It involves Section 22, subsection (b), resident out of Canada. Very briefly stated, the sort of case I have in mind is that of a pensioner whose family are able to a limited extent only to maintain him. The particular case that brought it to mind is one where his daughter lives down in the States, in California; and he is able to get there during the winter months when he suffers from asthma if he stays here in Canada. Because he goes out of the country he is disqualified under the Act from receiving his allowance. I would suggest that (b) be amended by adding the words "for more than 6 months of any calendar year" or "for more than 4 months" or whatever is said to be a reasonable period.

The CHAIRMAN: What you say surprises me because it says, "resident out of Canada." If he went for a short time for his health, that would not change it.

Mr. GUNN: Certainly not.

Mr. FULTON: That is the case.

The CHAIRMAN: I suggest you bring it to the attention of the board.

Mr. FULTON: I did. I brought it up when I first came down last session. That is the ruling that was given.

Colonel GARNEAU: In the past the board has always interpreted, as it appears here, that the allowance was to stop if he resided out of Canada or went out of Canada. But for a good many years the board has allowed one month's visit or residence out of Canada without impairing the payment of the allowance. That is the practice at the present time. If he goes for a visit of one month, the allowance is suspended from the time that we know

he left or the date of his departure and then is adjusted, giving him that month. For instance, if he is away three months, we will pay him one month, but not the two additional months.

The CHAIRMAN: Did you get a ruling from Justice on that? Surely a man can go away for a month and still have his residence?

Colonel GARNEAU: The idea, sir, behind that was this. I do not think we got a ruling from Justice; at least I could not reply offhand. I would have to go back to the files of some 10 years ago. But I think I do remember that, at the time, the idea behind that was that a veteran might leave Canada and go out and secure some 3 or 4 months employment, fairly remunerative, outside of Canada, over which we would have no check or possibility of check.

The CHAIRMAN: Yes. But in a case like Mr. Fulton's where the man has to go away for 2 or 3 months for his health and never has any intention of abandoning his residence in Canada, surely he is still a resident of Canada, if he is away for his health for 2 or 3 months?

Mr. GUNN: Yes.

Colonel GARNEAU: If that is the interpretation the committee wishes to place upon it, all right.

The CHAIRMAN: That is the legal interpretation.

Mr. GUNN: I think that interpretation you have just stated, Mr. Chairman, is one that ought to prevail; and I am sure it is good law, if I may say so.

Mr. MUTCH: It is good sense and that is better.

Colonel GARNEAU: If you do not put a time limit on it, I am afraid it might make it difficult for the board.

The CHAIRMAN: You have got to interpret it in the light of what is reasonable; not an arbitrary limit of one month.

Colonel GARNEAU: It does not say domicile out of Canada. It says residence out of Canada. That must have been put in there, Mr. Chairman, with the intention of preventing payment of allowances abroad.

Mr. MUTCH: You can go away for 5 months under the Old Age Pension Act.

Colonel GARNEAU: If there is no time limit, it may be difficult.

Mr. GUNN: I think those cases ought to be referred to the legal division for consideration.

Colonel GARNEAU: They will be. I am only saying what has been the practice for the past few years.

Mr. FULTON: In order to assist the chairman and the solicitor, would you care to summarize the opinion of the committee, or am I correct in summarizing the opinion of the committee as being that if a man goes out of Canada for, let us say, 4 months or 3 months for his health, there is no reason why he should not get the allowance?

Hon. Mr. MACKENZIE: Three months would be reasonable.

The CHAIRMAN: It would be a matter if, reasonably he is still a resident of Canada the way the Act says.

Mr. CLEAVER: If we changed the word "resident" to "domiciled out of Canada", would that meet the situation?

The CHAIRMAN: I think it is better to leave it as it is.

Hon. Mr. MACKENZIE: It could be left to the discretion of the board and departmental counsel and have the understanding that a period of 3 months be allowed. How is that?

The CHAIRMAN: That would be all right. But it would be a matter of interpretation.

Mr. GUNN: A matter of legal interpretation, as to what is reasonable.

The CHAIRMAN: Whether it is reasonable or not.

Mr. MUTCH: Old age pensioners can go for 5 months, can they not?

Hon. Mr. MACKENZIE: No.

The CHAIRMAN: Are you satisfied, Mr. Fulton?

Mr. FULTON: Yes.

Mr. GUNN: There is just one thing. In the revision and redrafting of this Act, apparently the draftsman overlooked the question of administration of the Act. I have drafted an amendment to be inserted here. I am putting it forward now. It is the one I read to you the other day. It is as follows:—

27. Except as to the power, authority, and jurisdiction of the Board to deal with and adjudicate upon applications for allowances under this Act, the Minister shall be charged with administration of this Act.

In other words, he does everything but adjudicate and deal with applications.

Mr. Woods: Following Mr. Fulton's point, the committee will be interested in the Old Age Pension Act section 23, where it states:—

Suspension of Pension. The payment of old age pension shall be suspended

(1) during the lawful imprisonment of a pensioner for an offence;

(2) as soon as a pensioner has been absent from Canada for more than thirty consecutive days and until his return to Canada.

That is in the Old Age Pension Act.

Mr. FULTON: That is the interpretation which was put on that by the board when I took this case up with them.

Mr. MUTCH: That should be fixed.

The CHAIRMAN: There is a section 27 in this Act now, Mr. Gunn.

Mr. GUNN: Yes. I was going to say this ought to be introduced as 27 and the subsequent sections numbered accordingly.

The CHAIRMAN: Very well. The suggestion is that "except as to the power, authority, and jurisdiction of the Board to deal with and adjudicate upon applications for allowances under this Act, the Minister shall be charged with administration of this Act." It is to put responsibility on our department. Is that carried?

Carried.

Mr. GREEN: Is there a similar provision in the Pension Act?

The CHAIRMAN: It puts the responsibility in our department.

Mr. GREEN: Is there a similar provision in the Pension Act?

Mr. GUNN: Yes, there is. I have not got the Act here.

Mr. FULTON: I am sorry, I am confused again by what Mr. Woods has just said. Is there anything to be done about the points I just raised?

The CHAIRMAN: There is nothing limiting this Act in such a way as there is in the Old Age Pension Act—to be resident thirty days; so it will depend on the facts in each case. A man might move to the United States and take a job there, in which event he would no longer be a resident in Canada after he had been out one week; but in the case you mentioned, he would go to the States just for his health with no intention of leaving Canada for good. It is a question of fact: is he a resident in Canada or not? I do not think myself there should be any definite limitation put on it in this particular Act. There is a limitation put on it in the Old Age Pension Act.

Mr. GREEN: What about the War Veterans' Allowance Act?

Colonel GARNEAU: We have no regulations. It has been a matter, as the chairman says, of what we have been doing in the past; but there is no regulation required. I do not think it needs any further recommendation to the committee or any change in the law or anything else. It is a good thing the matter was brought up and cleared up. From experience and from the standpoint of administration, I am prepared to ask that a definite time limit be set there; otherwise I can foresee a lot of difficulty in the way of interpretation and pressure, and all kinds of reasons being given. If they are away for five months instead of seven months there might be a perfectly valid reason, but there would not be any way of checking on the actual validity at that time.

Mr. CLEAVER: Provided that absence out of Canada on medical grounds shall not be considered as loss of Canadian citizenship.

The CHAIRMAN: He might stay away for the rest of his life.

Mr. GREEN: I think Colonel Garneau is quite right; it puts him in an impossible position if you do not give him specific guidance.

Colonel GARNEAU: We are prepared to go as far as the government wishes us to go, but I would definitely like to have a yardstick to go by.

Mr. FULTON: Subject to your advice, I am prepared to move an amendment, or we could leave it with you to consult with the minister or consult further with the chairman of the board.

The CHAIRMAN: I would rather have it left that way because any specific amendment would have to go back to the cabinet and the cabinet is very busy. I do not know when we could get it approved. This is one of the things that can be covered by regulation and if Colonel Garneau thinks that with all the powers he has been given he cannot follow what the minister has just suggested he can do, then it surely could be put in the regulations. Surely that is correct. I suggest we do not amend the Act.

Mr. FULTON: I think this committee should recommend that a regulation be drafted to cover residents of Canada who are absent for not more than four months for reasons of health.

Mr. Mutch: If you will take out the four months, I will second your motion. I think you could say that in the opinion of the committee, a regulation should be so drafted that it would enable the board to give due cognizance to the medical need; because it might be found that a man needs to get away for three months one time or it might even happen that he is required to be away for five months some year, and never again. Once you tie things down, you create borderline cases and endless problems.

The CHAIRMAN: I take the view that a regulation will be brought down and tabled. There will be another parliament in some four to six months, when the regulation can be dealt with.

Mr. FULTON: Why cannot a recommendation be made to the minister?

The CHAIRMAN: The wording of the regulation will express what we want done. I do not think, I submit at the moment, that you would be ready to draft it or anyone else.

Mr. FULTON: It has to be put forward.

Mr. Mutch: Mr. Fulton thought that the feeling of this committee was that the regulation should be drafted to express the view that they should have the power to exceed thirty days, and he suggested up to four months; then I said if he withdrew the four months' limitation and made it wholly discretionary, I would accept it. I think this committee should go on record in asking for the things he said he would do.

The CHAIRMAN: There is a recommendation before this committee that a regulation be effected along the lines Mr. Mutch has just outlined, providing that absence from Canada for over thirty days for medical reasons shall not be a ground for suspension of a war veteran's allowance. Carried?

Carried.

Is the amendment which I just read charging our department with administration, carried?

Carried.

Mr. GUNN: The provision in the Pension Act is not in similar terms, but I am inclined to think that, read as a whole, it expresses the same purpose. It is to be found in various sections and subsections; for example, in subsection 14 of section 3:—

(14) All officers, clerks and employees on the staff of the Commission immediately prior to the coming into force of the amending Act of 1936 shall be and become during pleasure, officers, clerks and employees on the staff of the department, and the department shall provide the Commission with such office accommodation, officers, clerks and employees as to the Minister appears necessary for the efficient carrying out of the provisions of this Act.

And then, in another place:—

4. (2) The Commission shall from time to time make such reports to the Minister as he may direct, and such of the said reports as the Minister may determine shall be included in the annual report of the Department.

Mr. GREEN: How does your proposed amendment read now?

The CHAIRMAN: "Except as to the power, authority, jurisdiction of the board to deal with and adjudicate upon applications for allowances under this Act, the minister shall be charged with administration of this Act."

In other words, it is his duty to provide office space and assistance generally to the service, and the powers to the board are fully preserved.

Colonel GARNEAU: That situation has existed since the beginning of the board and I do not know why it was left out from this redraft of the bill; but it has been very satisfactory and it has been the basis of operation of the Veterans' Allowance Board up to the present time.

The CHAIRMAN: Is that carried?

Mr. GREEN: I would like to ask what connection there is between the Pension Commission and the War Veterans' Allowance Board. I had a complaint concerning a case in which a man felt that his physical condition had deteriorated. He had applied for an increase of his pension; and he was told by the examining doctor that he thought the request would be turned down. The doctor asked if the man would accept a burned-out pension. It may be that there is creeping into the administration of the Pension Act a practice whereby they shove these cases onto the War Veterans' Allowance, rather than to give the man an increase in his pension. I would like to know whether or not there have been any inquiries made along that line? This letter which is dated just about a month ago reads as follows:—

I applied to Shaughnessy Hospital for an increase in pension due to the fact that I find it impossible to continue working, and I can do only the lightest duties.

Yesterday Dr. X asked me, in the event of my request being turned down, if I would accept the burnt out pension, which I refused. I might add that Dr. X is the board doctor.

Would you kindly look into this matter for me, and trusting to hear from you in the near future, I remain.

If there is any practice of that type, I think it should be very carefully checked.

Colonel GARNEAU: I do not think so, Mr. Chairman. This is the first specific case of the kind that has come to my attention. I am inclined to think—although it is a personal opinion—that the medical examiner may have felt, after looking at the applicant, that his chances were not very great of getting an increase in pension; and out of kindness, knowing our legislation, he may have turned to the man and suggested what he did. I frankly do not think that behind the suggestion of the medical examiner there was any dark motive because co-operation between the two bodies, the Pension Commission and ourselves, is very close and very friendly. We have our definite spheres of activity. There have been cases where widows have applied for a widow's pension, but the Pension Commission could not consider those cases. Then I might receive a note from the chairman saying: I have had this applicant; would you look up the case and see if there is a possibility of considering it under your legislation; and automatically we would look into it.

Mr. MUTCH: On two occasions I have had this experience when I have appeared before the Pension Board to advocate a pension for a veteran; but we have not been able to establish the fact he was eligible for an increased pension. On one occasion I was asked by a Pension doctor: why don't you take this man to the Veterans' Allowance Board? In another case, the suggestion was made to the man himself. In my experience it has been a sympathetic attempt rather than an attempt to save a little by passing it over to the other fellow. Here is a place where you can go and get it.

The CHAIRMAN: Is section 27 carried?

Carried.

Is the motion to report the bill carried?

Carried.

There is just one other item about which I would crave the indulgence of the committee. When the War Service Grants Act was before us, the director general of rehabilitation intended to move an amendment, but by some mischance he was not here and we recommended it without his moving the amendment. It is of no very particular gravity although I think it may be helpful. One of the purposes for which the re-establishment credit may be used is as follows:—

Under the National Housing Act, 1944, in an amount not exceeding two-thirds of the difference between the lending value of the home and the amount of the loan made under that Act;

That means that if a man has a re-establishment credit of \$1,000 and wishes to buy a home under the National Housing Act, the cost of which is \$5,000, the lending value is established at \$4,000, and the loan at \$3,600. Then the difference is \$400. In this case the veteran must provide from his own funds \$1,000 plus one-third of \$400, a total of \$1,133. The amount of credit which can be used is

confined by the Act to \$367, that is, two-thirds of \$400. Now, it is felt by the director general of rehabilitation that the Act should be amended to read as follows:—

Under the National Housing Act, 1944, in an amount not exceeding two-thirds of the difference between the purchase price and the amount of the loan under that Act;

In other words, in that case he could use his re-establishment credit to the extent of two-thirds of \$1,400 instead of two-thirds of \$400. Now, if he is buying a house outside of the Housing Act, he would use his re-establishment credit to the extent of two-thirds of the cost of the house. This limitation is preventing people from using their re-establishment credit under the National Housing Act and it is recommended very strongly that this change be made. The cabinet will be asked to agree to-day, and I thought that the committee, if they so desired, might endorse it. It would be a good thing and could probably be written in the War Service Grants Act at the time it comes to the House as a recommendation of this committee. The bill has not gone through the House yet, so if that meets with your approval, could I have a motion to recommend this further change in the War Service Grants Act so we could put it into the proposed bill that we have recommended to the House?

Mr. MUTCH: It would broaden the outlook.

The CHAIRMAN: Is the amendment carried?

Carried.

Thank you very much, gentlemen, for coming this afternoon. That brings up what lies ahead of us. When we meet again we will have to consider the Veterans' Land Act in respect of co-operatives. The subcommittee of this committee is considering further representations from Mr. Sturdy, and it will decide shortly whether it wishes to hear Mr. Sturdy in person. It was my thought that if they do decide to hear Mr. Sturdy in person, this committee should hold a special meeting and have him speak to the whole committee and not just to the subcommittee. It might save time to do that; however, they have not decided the matter yet. Then, there is a matter which came up this morning of a change in the basic provisions of the Veterans' Land Act. That will be studied, and perhaps something will be done; the committee will want actually to consider some proposals in that regard.

Mr. GREEN: You mean the powers of the director?

The CHAIRMAN: Yes; that obviously is a matter about which the committee would want to have definite proposals. That would take up two or three days or maybe longer, so I do not think we can consider the Veterans' Land Act this week.

In regard to the Rehabilitation Act and the matter of further allowances, they are a matter of regulation and they are still before the cabinet. I fancy that when we discuss the Rehabilitation Bill, the committee would like to know what decision has been made by the cabinet in regard to any further allowances.

Mr. BROOKS: That has to do with students.

The CHAIRMAN: Yes.

Mr. MUTCH: Which bill is that?

The CHAIRMAN: The bill providing for rehabilitation, and further allowances to students, and providing for training, providing for, perhaps, universities being given money to loan money to them and so on. Now, decision has not been taken yet by the cabinet and the Civilian Pensions Bill has not yet been decided upon by the cabinet; that is a matter which I did not have written down.

Mr. MUTCH: We have a draft of that.

The CHAIRMAN: I was going to say that the civil service preference is still to be adopted. Then there is the Civilian Pensions Bill. The suggestion of the subcommittee of this committee has been studied by the cabinet, and the question arises, I suppose quite logically, that the thing for this committee to do is to deal with the recommendation of our subcommittee regardless perhaps of any other consideration and come to some conclusion. Those are the things that still have to come before us: With regard to the civil service preference, we have had everything in front of us. The Legion does not want to make any further representation other than what has been filed already. The only representation still to be heard from anyone that I know of, is a representation from the air force.

Mr. MUTCH: What about?

The CHAIRMAN: Then there is the question of the report of the subcommittee.

Mr. GREEN: What subcommittee?

The CHAIRMAN: I had in mind one thing that the committee could deal in regard to further benefits. We referred that to the subcommittee and they made their report. I think I will be expected to go in front of the cabinet to-morrow and answer questions about some of these things.

Mr. MUTCH: Let us take a holiday.

The CHAIRMAN: I had in mind one thing that the subcommittee could deal with to-morrow. There is the civil service and the civilian pensions matter which could be taken up to-morrow morning. I had in mind that if we could get a decision from the cabinet to-morrow morning we could meet to-morrow afternoon; on the other hand we could sit in the morning and deal with the civilian pensions and civil service.

Mr. BROOKS: Friday is a poor day to meet in the afternoon. There would be a poor attendance in the House if we met here.

The CHAIRMAN: Then we will adjourn until Monday.

The committee adjourned to meet on Monday, July 15, at 11 o'clock a.m.

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SESSION 1946

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 45

MONDAY, JULY 15, 1946

WITNESSES:

- Major-General B. W. Browne, M.B.E., D.S.O., M.C., Assistant National Commissioner, Canadian Red Cross Society;
- Mr. N. S. Caudwell K.C., Chairman, Canadian Red Cross Corps Committee;
- Mr. W. S. Woods, C.M.G., Deputy Minister, Mr. W. G. Gunn, Departmental Counsel, and Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veteran Affairs.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1946



REPORT TO THE HOUSE

MONDAY, July 15, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

NINETEENTH REPORT

Your Committee recommends that the Government consider the advisability of introducing a bill to amend The Veterans Rehabilitation Act. A draft of the bill proposed by your Committee is appended hereto.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF PROPOSED BILL

to amend

THE VETERANS REHABILITATION ACT

An Act to amend The Veterans Rehabilitation Act.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Section five of The Veterans Rehabilitation Act, chapter thirty-five of the statutes of 1945, is amended by adding thereto the following subsection:

“(3) Where a veteran has been paid allowances under this section while waiting for training facilities to be available for him, the period during which such allowances are so paid shall not be included in any computation of time so as to limit or affect training benefits available to him under section seven of this Act.”

2. Subsection three of section seven of the said Act is repealed and the following substituted therefor:

“(3) No allowance may be paid to a veteran under this section for a total period of more than twelve months except that, in special cases prescribed by regulation, the allowance may be paid for a period not exceeding the period of service of the veteran.”

3. Subsection two of section eight of the said Act is repealed and the following substituted therefor:

“(2) The total period for which an allowance may be paid to a veteran under this section shall not exceed his period of service, except that, if the Minister is of opinion that a veteran's progress and achievements in the course he is taking are such that it is in the interest of the veteran and in the public interest that payment of the allowance be continued during a longer period, the Minister may pursuant to regulations made in that behalf, extend the period during which it may be paid.”

4. The said Act is further amended by adding immediately after section nine thereof the following section:

“9A (1) Except as otherwise provided in this Act and notwithstanding any other Act or law, no allowance may be paid under section eight or nine of this Act to a veteran who has received benefits under *The Veterans' Land Act, 1942*, and no benefits may be provided under *The Veterans' Land Act, 1942*, for a veteran who has received allowances under either of the two sections aforesaid.

(2) This section does not apply to a veteran to whom an allowance is paid under this Act for the purpose of taking a diploma course in agriculture or other vocational training in agriculture.

(3) This section shall be effective as at the first day of June, one thousand nine hundred and forty-six; provided however, that in the case of a veteran who, prior to such date, commenced a course in agriculture and received allowances under section eight or nine aforesaid, the Minister may, by regulation, on the application of such veteran and on being satisfied that the veteran commenced such course in the belief that he would be eligible for benefits under *The Veterans' Land Act, 1942*, give such veteran the option of continuing such course or receiving benefits under the said Act.”

5. Section eleven of the said Act is amended by adding thereto the following subsections:

"(5) The Minister may, with the approval of the Governor in Council and subject to regulations,

- (a) provide any university in Canada with moneys, whereby and wherefrom the university may make small loans to meet emergency conditions among veterans who are being paid allowances pursuant to sections eight and nine of this Act, and
- (b) pay expenses of repatriation of a veteran described in clause (i) of paragraph (m) of section two of this Act who was discharged in the United Kingdom in order to take a course of training outside Canada approved by the Minister and the expenses of transportation of the wife and child of any such veteran from the United Kingdom to Canada or to any place designated by such veteran outside of Canada in which he was resident immediately prior to joining the forces.

(6) A payment pursuant to the immediately preceding section shall not affect the amount of benefit to which a veteran would otherwise be entitled under *The War Service Grants Act, 1944*."

6. The said Act is further amended by adding immediately after section eleven thereof the following section:

"11A. Where, in the opinion of the Minister, a pensioner requires training or re-training by reason of an increase in his pensionable or non-pensionable disabilities, the Minister may, pursuant to regulations made in that behalf, provide such training or re-training and pay allowances, and the provisions of section ten of *The War Service Grants Act, 1944*, shall not apply to such pensioner."

7. The said Act is further amended by adding immediately after section seventeen thereof the following sections:

"17A. (1) No member or former member of the naval, military or air forces of His Majesty shall be entitled to allowances or benefits under this Act in respect of service in such forces subsequent to,

- (a) the day of his acceptance as a member of the permanent naval or military forces or the regular air force of Canada if he is so accepted after the thirty-first day of March, one thousand nine hundred and forty-six;
- (b) the thirty-first day of March, one thousand nine hundred and forty-six, if on that day he is a member of the permanent naval or military forces or the regular air force of Canada serving on active service; or
- (c) the thirty-first day of March, one thousand nine hundred and forty-six, if he volunteers and is accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven, unless he was serving on overseas service on the thirty-first day of August, one thousand nine hundred and forty-five and remains continuously on the strength of an establishment, unit or ship on overseas service, in which case he shall be entitled to allowances and benefits in respect of all such service.

(2) A member or former member of the naval, military or air forces of Canada entitled to allowances or benefits under this Act shall be entitled to such allowances or benefits in respect of all of his full-time service as such, if he is not accepted as a member of the permanent naval or military forces or the

regular air force of Canada, or is not accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the thirtieth day of September, one thousand nine hundred and forty-seven.

(3) For the purposes of subsection one of this section the expression 'overseas service' has the same meaning as that expression has in *The War Service Grants Act 1944*.

(4) The Governor in Council may make such regulations as he may deem advisable to provide for the termination of entitlement under this Act of persons not mentioned in subsection one or subsection two of this section.

"17B. Any veteran who is caused personal injury by accident arising out of or in the course of training with respect to which he is being paid allowances under section seven of this Act and who is not eligible for compensation under the workmen's compensation laws of the province in which the accident occurred shall, while pursuing such training, be deemed to be an employee in the service of His Majesty within the meaning and for the purposes of the *Government Employees Compensation Act*, and the Minister, with the approval of the Governor in Council, may determine the amount of direct monthly wage which the veteran shall be deemed to have been receiving at the time of his injury for the purposes of computing compensation."

8. The said Act is further amended by adding immediately after section eighteen thereof the following section:

"18A. The Governor in Council may define the expression 'termination of the war' for the purposes of this Act."

MINUTES OF PROCEEDINGS

MONDAY, July 15, 1946.

The Special Committee on Veterans Affairs met at 11 o'clock a.m., Mr. W. A. Tucker, presiding.

Members present: Messrs. Archibald, Ashby, Baker, Belzile, Benidickson, Bentley, Blair, Brooks, Green, Harris (*Grey-Bruce*), Herridge, Jutras, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Moore, Mutch, Pearkes, Skey, Tucker, Viau, White (*Hastings-Peterborough*), Winkler, Winters, Wright.

In attendance: Major General B. W. Browne, M.B.E., D.S.O., M.C., Assistant National Commissioner, Canadian Red Cross Society, and Mr. N. S. Caudwell, K.C., Chairman, Canadian Red Cross Corps Committee; Mr. W. S. Woods, C.M.G., Deputy Minister, Mr. W. G. Gunn, Departmental Counsel, and Major-General E. L. M. Burns, D.S.O., O.B.E., M.C., Director of Rehabilitation, Department of Veterans Affairs.

General Browne and Mr. Caudwell were called, heard, questioned and retired.

Mr. Woods was recalled and questioned.

The Committee proceeded to consideration of a draft of a bill to amend The Veterans' Rehabilitation Act.

General Burns was recalled and questioned.

At 1.00 o'clock p.m., the Committee adjourned until 9.00 o'clock p.m., this day.

EVENING SITTING

The Special Committee on Veterans Affairs resumed at 9.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Archibald, Baker, Belzile, Benidickson, Bentley, Brooks, Green, Harkness, Harris (*Grey-Bruce*), Herridge, Isnor, Jutras, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Mutch, Pearkes, Quelch, Skey, Tremblay, Tucker, Winkler, Winters.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs.

The Chairman tabled a letter dated July 12, 1946, from the National Council of Veteran Associations in Canada, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Consideration was resumed of a draft of a bill to amend The Veterans' Rehabilitation Act.

Clause one was amended by the insertion of the words *section seven* of immediately following the word *under* in line eight thereof.

Mr. Green moved that the Committee repeat the recommendation of the 1945 committee that the rates set forth in Parts 2 and 3 of the "Schedule of Rates" to the Post Discharge Re-establishment Order be increased.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Clause one, as amended, and clauses two and three were adopted.

Clause four was amended by deleting the word and punctuation *forty-six.* in line fifteen thereof and substituting the following therefor:

forty-six; provided, however, that, in the case of a veteran who, prior to such date, commenced a course in agriculture and received allowances under section eight or nine aforesaid, the Minister may, by regulation, on the application of such veteran and on being satisfied that the veteran commenced such course in the belief that he would be eligible for benefits under *The Veterans' Land Act, 1942*, give such veteran the option of continuing such course or receiving benefits under the said Act.

Clause four, as amended, was adopted.

Clause five was amended by deleting the word *section* in line twenty thereof and substituting therefor the word *subsection*.

Clause five, as amended, clauses six, seven and eight, the preamble and the title were adopted.

The draft bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

At 11.10 o'clock p.m., the Committee adjourned until Tuesday, July 16, at 11.00 o'clock, a.m.

A. L. BURGESS,
Clerk of the Committee

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 15, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: I had expected that the air force would be making a submission this morning in regard to the civil service preference being extended to certain members of their force, but I am told that they will not be ready with their submission until to-morrow morning; therefore I suppose we might as well hear it to-morrow morning. However, we have with us to-day General Browne and Mr. N. S. Caudwell, who is chairman of the National Committee of the Canadian Red Cross, to make some representations on behalf of the Red Cross personnel who went overseas. I thought we would hear from these gentlemen and then after that we could take up the other rehabilitation bill which the clerk will distribute to those who are here and which we can take up after we hear the submissions from Mr. Caudwell and General Browne. I would ask General Browne and Mr. Caudwell to come forward. General Browne, will you introduce Mr. Caudwell and say a few preliminary words or whatever you wish to do in regard to the matter?

Major General B. W. BROWNE: Mr. Chairman and gentlemen, in the first place may I, on behalf of the society, express our great appreciation to you and this committee for even considering our request. I know how busy you have been and how busy you still are. I feel that we probably all realize and appreciate the good work that the girls of the Canadian Red Cross Corps have done. I do not think I need to enlarge on that. Whether or not they are entitled to consideration is a matter entirely in your hands. I should like to say, Mr. Chairman and gentlemen, that regardless of what decision you may arrive at, the society will continue to appreciate the fact that you have given consideration to our request.

Mr. Norman S. Caudwell, K. C., of Toronto, is here and he, I know, is far better qualified to answer any questions that you may like to ask. If I may, I should just like to turn matters over to Mr. Caudwell.

The CHAIRMAN: Will you proceed, Mr. Caudwell?

Mr. Norman S. Caudwell, K.C., called.

The WITNESS: Mr. Chairman and gentlemen, I should like to add, to what General Browne has said, the appreciation of the Red Cross Corps committee in permitting us to come before this committee here to make our representations.

During the past four years I have been the chairman of the national corps committee which is the subcommittee of the Red Cross executive having to do with corps matters in Canada and overseas; it is more in the nature of a policy committee. The actual management and administration is administered by the officers of the corps themselves, the girls themselves, and matters of policy come before our committee for decision. However, I have the facts before me that, I think, will enable me to answer any questions you might have in mind.

In the first instance I should just like to remind you that the corps was started at Toronto within the first six months of the war and it grew like wildfire across Canada and is represented in every province of Canada in 58 detachments. In the formation of the corps in the first instance it was the hope of the young ladies who formed the corps that they would have an opportunity of serving overseas. Of the corps members themselves, there are about 18,000 of them who have served in the corps in Canada, the largest number at any one time being slightly over 6,000. Some have stayed in for a short time and then were seconded to the W.R.C.N.S. the C.W.A.C. or the R.C.A.F. (W.D.). I thought that the members of the committee would know as to the work which is done by the corps in Canada but I did want particularly to draw your attention, as far as the work in Canada is concerned, to the V.A.D.s. 66 members of the Red Cross corps were seconded to the R.C.A.M.C. and served in R.C.A.M.C. military hospitals throughout Canada. They were, of course, subject to the orders of the R.C.A.M.C. and to their discipline; they were voluntary workers who received \$30 monthly and clothing allowance of \$150 upon being seconded to the R.C.A.M.C. and have served for the last 3 or 4 years in the military hospitals in Canada. It is on their behalf as well as members of the corps who have served overseas in various capacities that this representation is being made. You will be interested in the number who have gone overseas. The first call came in 1942 for overseas service at the latter part of the year, and 18 went over in 1942, 138 in 1943, 293 in 1944 and 192 in 1945, making a total of 641 of those girls who have served overseas. Of that number 138 are still overseas, 501 having received their discharge and have been repatriated back to Canada. We have had one casualty, one death while on duty overseas, Miss Hilda Blythe of Hamilton, Ontario.

This is the type of work that the girls did in England. 106 served as V.A.D.'s in E.M.S. hospitals, that is in British hospitals. By reason of the bombing in England and the inability to get English girls to act as V.A.D.'s in the civilian hospitals owing to their munition work in England and no voluntary workers being available, the British government requested the British Red Cross to ask the Canadian Red Cross to furnish girls to work in the hospitals. We sent over 106. These girls have worked right in the civilian hospitals, in large part looking after casualties due to bombing, and a number of these girls are still over there. 103 served as ambulance drivers and they were sent over and seconded to the British Red Cross and served with the British Red Cross Society in driving ambulances. A number of these girls served in France, Germany and Belgium with British Red Cross units, driving British Red Cross trucks as auxiliary to Canadian-British army. 64 served as welfare workers in a theatre of war. These girls were attached to the hospitals as auxiliary; they had nothing to do with nursing. They were very valuable in giving esprit de corps to the Canadian boys in hospital who were glad to see Canadian girls there. They looked after the libraries but they did no nursing work. They looked after the distribution of shaving kits, etc., and the writing of letters for the wounded and helped out in the Canadian military hospitals in France and Belgium. 34 went over as large-quantity cooks. Some of these were girls who were graduate dietitians from the universities in Canada, others young girls who thought they would like that type of work, and they served in the canteens in England, Nos. 1, 2, 3 and 4 Maple Leaf Clubs in London, Ontario House and B.C. House in London. 334 served in miscellaneous duties. Those girls doing miscellaneous duties had a number of different jobs. A large number of them were employed looking after the Maple Leaf Clubs, serving there, washing dishes and looking after the wants of the men in the four Maple Leaf Clubs, Ontario House and B.C. House canteen.

I spoke of the ambulance drivers who were seconded to the British Red Cross. A number of them went over. 12 drivers, for instance, were sent to

Belgium in November 1944 and 17 were sent over in March 1945. They worked throughout parts of Belgium and parts of France. The welfare workers that I spoke of numbered 64 and served in Italy and Sicily in Canadian hospitals and in northwest Europe, France, Belgium and Germany.

By Mr. Mutch:

Q. How many casualties were there?—A. We were very fortunate. We had no casualties at all; that is, no one was injured or wounded. Although we had, at the height of the V-1 and V-2 bombing in London, 400 girls in London who were going about their duties, driving ambulances and doing other services and duties there, we were very lucky in not having one casualty, the only casualty being the one death which I will speak of later, Miss Hilda Blythe.

These girls, when they volunteered for overseas service, I do not suppose had any thought of any pension. All they wanted to do was to have an opportunity to serve overseas. They were just dying to get across and be of some service. I think there is a general impression that most of these girls came from well-to-do families and that their families could look after them in the event of their being injured or in any difficulties which they might have upon returning to Canada. Perhaps that was true in the first instance in the first year, but it was not afterwards. I know there were hundreds of girls who were working in offices in Toronto, in Simpsons and Eatons, and in other cities, who went over, and whose families were not even able to supplement what they received when they were in England. At the present time we have a large number who have returned and a number are returning. Cases have come up where they require hospitalization for disabilities they received while overseas. It is a question of who would look after that, and a number of them have applied to the Red Cross for assistance. As far as their service overseas was concerned, you would be interested in knowing what they received. They served as voluntary workers but for pin money they received while overseas from the Canadian Red Cross \$30 a month which, as you know, would not go very far in London. They received \$5 for laundry money. Board and lodging was supplied by the Red Cross Society. They received transportation overseas and back home. Their uniform was supplied. On discharge they received \$150 allowance to buy civilian clothing. The cost to the society up to the end of 1945 is very nearly \$1,000,000, the cost of keeping the corps girls overseas.

There is another branch of girls that I have not referred to, who are referred to as escort officers. There are about 100 of them who have been escorting back to Canada soldiers' dependents, wives and children and dependents; and they have been doing a marvellous job. At the present time we have 50 of these who go over to England and then come back on the ships with the brides and children. They go to England without cost to the Red Cross; usually they go over in hospital ships but their passage back is borne by the society. Then also we have the train service here looking after those people from the time of arrival at Halifax to the arrival by train at the point of destination. We have members of the Red Cross corps who are on those trains looking after the wants of the mothers and children.

As far as hospitalization overseas is concerned, the army overseas has been very good, and when the question of hospitalization, medical attention and dental attention came up, they said they would be only too glad to look after it. The idea was at that time that the cost of it would be charged back against the Red Cross. I do not know whether that has been done or not. I imagine it has been rather lost in the shuffle and probably the Red Cross will never receive a bill. However, that was the arrangement: any time a girl took ill in England she went into one of the military hospitals and was always very well looked after. Our girls were always very well looked after. Some of these girls are coming back and they require dental treatment. The Red Cross

Society feels itself obligated to look after that. We have had some girls who have been ill. I just had a case in point. It came in Saturday and it is typical. It is that of a Toronto girl by the name of Maud Winger who upon her return to Canada was suffering from rheumatoid arthritis which was contracted as due to service overseas. Before being discharged from the Canadian Red Cross corps she reported at the D.V.A. hospital in Toronto and the officer there in charge felt that a liberal interpretation of P.C. 4465 would entitle her to treatment at the hospital there, but he was not quite sure of it. There are other cases such as that, where girls come back from overseas and require treatment here; and we had hoped that the government would see fit, or your committee will see fit to make some recommendation along that line so that the cost will not be borne by the Red Cross. I think in any event these girls will be looked after. The society will not let them down.

There is the very sad case I was speaking of, that of Hilda Blythe of Hamilton, who worked in an E.M.S. hospital in England. As you know in the civilian hospitals in England the V.A.D.s are very hard-worked. They do pretty menial tasks there. She contracted pleurisy by reason of her run-down condition and was admitted to Bramshott Canadian military hospital, took a pleural infection and died a few weeks ago. That is our only death. Her father and mother live in Hamilton. Her father is in the civil service there and is due to be pensioned—is ready to be pensioned but unfortunately, so I am informed, he will not receive a government pension, not having been in the service long enough. If it had not been for the death of his daughter Hilda he would have been quite entitled to look forward to Hilda looking after her father and mother in their old age; but by reason of her death overseas of course that is not now assured to them. That is a problem which has come before us, before the Red Cross Society, as to what allowance, if any, can be made; and we feel we would like to bring cases such as that to your attention; that parents might be entitled to a pension. I have already spoken to you, sir, of these girls whose ages run from 21, 22, 23, most of them, who have gone overseas. They have left universities, in the first or second year university in a great many cases, and they have their problems the same as the members of the armed services when they return, in getting re-established. In a great many cases their parents have not got the financial means to permit the daughters to have these educational privileges. If this committee felt prepared to make recommendation along that line, it would be appreciated by the society and by the girls themselves. I would be glad to answer any questions that you might care to ask me. I want to emphasize what General Browne has said. We simply come and bring the facts before this committee. I appreciate the opportunity of being here. We know that our representations will have your earnest consideration. I do not know whether the subject of medals should properly come before this committee, that is, the question of medals for overseas service, and what the girls are entitled to by way of service ribbons. They are not entitled to the Canadian ribbon, but the British government has placed the Canadian auxiliary workers, the Canadian Red Cross Corps workers overseas, on the same basis as the voluntary workers of the British Red Cross; and if they are entitled, they receive the ribbons, the service ribbons for the field of operation.

A number of those entitled to them have served in Italy, France, and Germany and have the stars. Others have served in England for the defence services. Some girls would miss out on that because, in order to get the star, it requires service for six months in any one particular field of operation. Some girls served in Italy for five months and then were transferred say to Belgium. They would lose out in the shuffle. Others might serve alongside the British Red Cross drivers who wore a ribbon, while our girls had no ribbons themselves and, upon returning to Canada, would have nothing to show for their service

overseas. Our girls who served for the proper length of time required in the Imperial Red Cross have the Imperial ribbons, but they would have no service ribbon from the Canadian government. So it is felt that a recommendation might come from this committee that the regulations be changed so that at least those members who served overseas would be entitled to the Canadian ribbon, and also the sixty-six V.A.D.'s who served with the R.C.A.M.C. and are an integral part of it might be included. But unfortunately, when the regulations were drawn up for the other members of the R.C.A.M.C., this point was apparently lost sight of in the shuffle.

The CHAIRMAN: Thank you, Mr. Caudwell. Are there any questions?

By Mr. Pearkes:

Q. Regarding the girls who served either as an integral part of the R.C.A.M.C., or who previously served with the R.C.A.M.C., were they in the R.C.A.M.C. or were they not?—A. They were an integral part of the R.C.A.M.C. because they were physically examined and received \$150 from the government upon attestation. They were furnished with uniforms while serving, and were subject to military discipline. They were required to serve in any part of Canada or overseas, and they were actually moved around.

Q. When they were discharged, did they receive a discharge certificate?—A. I do not believe they received anything from the R.C.A.M.C. They certainly received no clothing allowance from the R.C.A.M.C., but they must have received some kind of a discharge certificate. I am sorry, but I have not got that information. I do know that they received no clothing allowance or other allowance.

Q. I cannot reconcile how they could be an integral part of the R.C.A.M.C. I can visualize them serving with the R.C.A.M.C., but were they actually a part of the R.C.A.M.C.?—A. Well, perhaps my enthusiasm has carried me away. When I refer to them as an integral part of the R.C.A.M.C. I am not thinking of Canada. Strictly speaking, otherwise, they would have all the benefits of the armed services.

Q. You referred to discipline. What means were there—had it been necessary to discipline any of these girls—they could not be deducted as to pay, could they?—A. I assume that the only discipline would be by means of the service of the R.C.A.M.C. They were quartered by the R.C.A.M.C. and had to report at certain hours.

Q. But not under the same discipline as if they were in the R.C.A.M.C.?—A. I think that is quite correct, sir.

By Mr. Mutch:

Q. If the girls had been found to be not suitable, they would have been returned?—A. Yes, if not suitable, they would have been returned.

Q. Then, would not the arguments which you put forward in consideration of the Red Cross girls who actually served in the theatre of actual war, equally apply to the St. John's Ambulance sisters?—A. They were doing similar work in the hospitals, but in the case of the St. John's Ambulance, they were V.A.D.'s. They went overseas and served as ambulance drivers. They did not work in the canteens. It was not welfare work but strictly V.A.D. work. They would be entitled to the same consideration as the girls of the Red Cross.

Q. From the point of service, they are on all fours?—A. Quite right, they are on all fours.

By Mr. Ashby:

Q. Had these girls not been available, the government would have had to bring in the necessary enlistments to fill their positions?—A. Yes.

By Mr. Brooks:

Q. Did many of them serve with the British Red Cross overseas?—A. No, only about one-quarter served with the British Red Cross, that is, the transport, the ambulance drivers and the girls in the E.M.S. and in civilian hospitals, serving with the British Red Cross.

Q. Has the British government or the British department made any provision for the British girls who served as V.A.D's and ambulance drivers, doing the same work as these Canadian girls?—A. I am sorry, but I cannot answer that because we have never heard from England as to what is done by the government for the British Red Cross workers. But, so far as our girls are concerned, they were only attached to the British Red Cross and they are not entitled, themselves, to anything given to the British Red Cross girls who served as auxiliaries during the war.

By Mr. Green:

Q. What benefits would you suggest should be given as entitlements?—A. Well, Mr. Green, we simply have brought the facts before you for your consideration. I suggested the difficulties we have bumped into so far as these girls are concerned. As to what might be done, that is up to the generosity of this committee. It would not be for the Canadian Red Cross Society to suggest. I suppose there might be something done along the lines of a gratuity and, perhaps, educational facilities, and something done to look after any cases like the one I mentioned, the pension cases, where disease was contracted overseas due to service. That is the most worrying thing.

I am here in a dual role, I appear on behalf of the society and I appear on behalf of these girls. As far as the society is concerned, we may be having, for the next ten years, claims made against us in connection with those girls.

By Mr. Herridge:

Q. We recently passed legislation whereby benefits received by the armed forces should be extended to a group of nursing sisters who served in the South African Nursing Services. Would you not say that those girls were, more or less, regarded on the same basis, not technically as members of the armed forces?

By Mr. Mutch:

Q. With respect to the South African nurses, they were recruited by our R.C.A.M.C. the same as anybody else. They were enlisted in exactly the same way as anybody else in the R.C.A.M.C.

MR. HERRIDGE: We were told that the Canadian government acted as agent for the South African government in enlisting these girls.

MR. MUTCH: But they even actually went in uniform.

MR. HERRIDGE: There was a civil contract signed by which the Canadian government acted as agent for the South African government. Would you not consider that these girls in the Red Cross and the St. John's Ambulance should receive identical treatment?

By Mr. Mutch:

Q. Your conclusion is right, but I think your evidence is faulty.

THE WITNESS: Consider the basis of service, I do not know how it could be thought of otherwise.

By Mr. Green:

Q. Was there a medical examination given to those girls?—A. Yes, a medical examination was given to the girls.

By Mr. Mutch:

Q. By whom?—A. By doctors appointed by the Canadian Red Cross. They were examined locally.

Q. They were not examined by military boards?—A. I understand not.

By Mr. Green:

Q. What standard was set for them?—A. Certain doctors were appointed by the society to make the examinations, doctors familiar with the army examinations. As to standard, it would be pretty generally along the lines of the army.

By Mr. Blair:

Q. Were they X-rayed previous to enlistment?—A. I think they were. We were very apprehensive in regard to the ones going overseas to the E.M.S. hospitals because the British government insisted that they could put those girls into any hospital they desired; but the society took the view that they should not be required to serve in a T.B. hospital. The St. John's Ambulance took the same stand as well; but the girls were finally sent over without any strings at all and therefore we were very careful to see that examinations should be as thorough as possible, in anticipation of the fact that one or more of those girls might come back after contracting T.B. as a result of working in a T.B. hospital.

By Mr. Macdonald:

Q. What about those who remained in Canada and who might have contracted T.B. or some other disability?—A. I assume you are referring to V.A.D's. They served in military hospitals and some of them might have been looking after T.B. cases; but they were all examined by the R.C.A.M.C. at the time they were taken on by the R.C.A.M.C.

Q. If a disability were attributed to the service in Canada, would you suggest a pension in that case?—A. Oh yes, on the same basis as overseas service; I am thinking of the sixty-six V.A.D's who served in Canada; I think they should be treated on the same basis as the 640 girls who served overseas.

By The Chairman:

Q. Where could we find the actual terms of service?—A. Did they sign a contract, or was it done under order in council?—A. Each girl signed an individual contract. The girls going overseas agreed to serve overseas for the period of the duration of the war and either six months or one year afterwards.

By Mr. Ashby:

Q. Is it not true that the Red Cross felt that their reputation must be upheld, and therefore it was very particular as to the type of girl which it received into its service?—A. I am glad you brought that up because every girl sent overseas was already a member of the corps and was trained in Canada and disciplined in her work. She was a disciplined worker. If she went overseas to do V.A.D. or ambulance work, she was a member of the nursing auxiliary. Members of the nursing auxiliary had to put in so many hours hospital service during their training, that is, as far as their knowledge was concerned; but as to their character, it was the direct responsibility of the detachment officer. For instance, the Vancouver detachment officer would make a recommendation to the provincial officer, and the provincial officer in turn would make a recommendation to the national officer; and the responsibility of the national officer would be to see that they were sent along when the call came. If a call was received for fifty, the call would go to the various provinces.

Now, a very careful questionnaire was prepared at the national office which had to be filled in by the detachment officer at Vancouver or Halifax, wherever it might be, as to the character of that girl. That was a confidential return. The detachment officer knew the girl. She was the officer who served with this girl and she would know the girl and would know her character. In all cases the detachment officers are most particular to send only girls overseas who would not only do good work—that is only one phase of it—but also would uphold the reputation of the Red Cross overseas.

By the Chairman:

Q. Have you got a copy of the contract which they would sign?—A. I do not believe I have one in my file. I can procure one.

By Mr. Green:

Q. What length of time was spent in training in Canada?—A. It would depend. For instance, the V.A.D. proceeding overseas had 250 hours of hospital service in a civilian hospital like the Toronto General or the Vancouver Hospital. She would have 250 hours of actual service in that hospital, and they had a curriculum as to the grades of study. They had so many hours of drill. To complete that course might take three months or six months, depending upon the length of time that it took for that particular girl to get through. For instance, she might be working in an office in the daytime and doing voluntary work at night. Latterly it was almost the rule rather than the exception, because a great many of our girls who went overseas worked in offices during the day and in the Red Cross during the night. They got their training and went overseas.

Q. Will you leave a copy of the contract with the clerk?—A. I shall be glad to do so.

Q. Have you got any actual data as to the length of service of the V.A.D.'s in Canada—the length of time that the various members served?—A. I have that. Of course, it varies with each girl. She might be in Toronto and move to Halifax. I can supply full information and leave it with the clerk as to how long they served—whether it was five months or ten months or fifteen months; some served twenty months.

Mr. Mutch: I think that is broken down in information we had in writing?

The Witness: I think so.

Mr. Mutch: We had that information before the subcommittee.

The Witness: I think so.

Mr. Mutch: Whatever information was before the subcommittee is in the hands of the clerk, and that is available.

By the Chairman:

Q. With regard to the girls who served overseas, you gave that information to the subcommittee, did you?—A. I believe so, sir. I have it available in my folder if it is not with the subcommittee's records.

Mr. Mutch: We have that.

The Witness: We can supply information with regard to the length of service if you desire it.

By Mr. Blair:

Q. Would you say your system of records as regards medical examinations, x-ray, etc., and particularly records before and after returning were as complete as those of the R.C.A.M.C.?—A. The R.C.A.M.C. gave a very high standard,

but I think we endeavour to the best of our ability to set up high standards, because we always had in mind the fact that these girls were leaving our jurisdiction and proceeding overseas and some might become casualties and claims might be made against the Red Cross. So we had to be careful of our own practice as well as with the girls themselves, particularly with the E.M.S. girls.

Q. I am thinking of this as a basis for pension.

By Mr. Winkler:

Q. Are Red Cross funds derived entirely from voluntary subscription?—

A. Entirely.

Q. Whenever the funds get low there is another drive?—A. Yes, there is another drive. It is costing Red Cross Society nearly \$1,000,000—it is really the public of Canada, the generosity of the public of Canada, and the Red Cross is only the medium which is carrying out the spending of these public moneys.

By the Chairman:

Q. Was not there a provision from the National War Services during the war?—A. It was suggested, but it is not within the power of the International Red Cross to receive government support. There was a suggestion that instead of trying for its natural campaign there should be a contribution made by the government; the government should assume the cost of operation of the Red Cross. The Red Cross, being an international institution, that is not permitted. The funds of any part of the Red Cross Society must be voluntarily donated.

Q. I wonder if General Browne could tell us by what authority these girls proceeded overseas?

General BROWNE: Mr. Chairman, they proceeded overseas at the request of the British. I think, to start with, they were required over there. They were asked for and the Red Cross Society agreed to send them over, as I remember.

Mr. GREEN: There must have been approval through some government department?

General BROWNE: Yes, I think the government agreed to it.

The WITNESS: I can answer for the first two years of the war. After the formation of the Red Cross Corps in Canada, these girls were dying to get overseas, and there was all kinds of pressure to get across. The government in their wisdom felt that it was inadvisable to subject these girls to the chance of being lost on the ocean, so it was not until 1942 that they went over on the request of the British government. Some went over in the first place to the British Red Cross and became ambulance drivers, and in the following year, those girls got over safely. At that time you will remember our Women's Auxiliary Forces were being formed, the Wrens, etc.—and the government permitted Canadian girls to go over to the Maple Leaf Club which had been set up. B.C. House was set up, and Ontario House was set up near the end of the war.

By Mr. Green:

Q. Which department of the federal government gave that consent? Was it National War Services or the Department of National Defence?

General BROWNE: Likely the Department of National War Services, I should think.

The WITNESS: They got permission from the government.

General BROWNE: Could I answer Mr. Macdonald's question with regard to that case in point in Ottawa? One of the V.A.D.'s contracted t.b. while serving in one of the hospitals and she received certain treatment from the D.V.A. It was discovered, I think, that she was not entitled to this treatment and the treatment was stopped and the Red Cross took over the treatment. I forget what it cost, but it was quite a large sum. That is a case in point in Ottawa, and I followed that personally.

The WITNESS: The question was asked by the subcommittee as to what insurance was furnished by the Red Cross for those girls overseas. They were insured with Lloyd's Insurance Company for \$4,000 for each girl in the event that a girl was killed overseas and smaller amounts in the case of injuries. Of course, we have never had any claim under that policy, but the Red Cross carried that policy of insurance, a blanket policy—group insurance.

By the Chairman:

Q. This matter has been discussed before, and one of the arguments used is that if these people who served under the auspices of a civilian organization of that type are recognized then, of course, there is the question of people who served in other capacities making claims—people who worked in offices or who worked in munition factories for civilian organizations. Now, that is one of the arguments used; that it is opening the door to claims by other than people who signed on for service in the armed services or something very close to that, something like the firefighters. What do you say about that?—A. I will say this, that with regard to those who were permitted—there were not many—by the government to proceed overseas during the war, their cases have already been brought before this committee—such as the question of the firefighters and the South African nurses, and I believe the claims of the nurses who went to the orthopedic Hospital in Scotland. There are not many. It is not a case of individuals getting over to England and working in factories there. They were permitted to go over during the war. I think the Red Cross and St. John Ambulance Association are the only ones that there would be the least question of. I cannot think of any other body of civilians.

Q. What about the V.A.D.'s who saw service only in Canada? They also use the argument because they were working under civilian auspices, and there are many other people who worked under civilian auspices in Canada in connection with the war. What is the argument that they should be given special treatment, other than, perhaps, pension treatment arising out of their service? There are two different aspects on this question, as I see it: one is that they should be looked after if anything happened to them due to service, and the other thing is that now that the war is over and they have all got what they agreed to take, on what basis should we treat them better in giving them further rights than, say, a person who went into a munitions factory or went with the merchant marine or with any of the other civilian groups? That is the argument: on what basis should they be treated differently, outside of the question of pension altogether?—A. Mr. Chairman, I suggest this, that while they were working in the Canadian Red Cross group, as members of the corps in Canada, your argument is 100 per cent, but this point is to be remembered that they ceased to be members of the corps and assumed other duties; they were seconded to the R.C.A.M.C., and they ceased to be members of the corps. It is really a claim that is made on behalf of girls who were doing auxiliary work with the R.C.A.M.C. rather than with the Red Cross.

Q. If you could get proof that they were legally seconded to the R.C.A.M.C., I do not think there would be any difficulty. I think, however, there is a question there. I think the Canadian authorities would agree with me that if they were legally seconded to the R.C.A.M.C. they were members of the R.C.A.M.C.—A. When I used the word "seconded", it was the term used by the

corps; they were seconded from the corps; they might leave the corps for some other duty and the point is that they were taken off the strength of the corps and seconded.

Q. What were the terms of the change of service? You are going to file the contract under which they went into the organization, after which something happened to them when they went into the R.C.A.M.C. On what terms did they go into the R.C.A.M.C.; can you give us that?—A. Yes, sir.

GENERAL BROWNE: Is not the answer, sir, that they took the place of service men? If these girls had not been doing the work we would have had to have service men doing it, so they really almost come under the head of service men.

Mr. BLAIR: Would it not clear the situation if we said that these people were Red Cross personnel attached to the R.C.A.M.C.? If they were seconded it would be from one military branch to another—not that it makes any difference, but it would clear the matter up.

The WITNESS: Yes. When I used the word “seconded” I was stating that they left the corps.

Mr. BLAIR: It does not make any difference; it is another word.

By the Chairman:

Q. The R.C.A.M.C. must have had some authority to have these people going to work for them?—A. There is a P.C. for that, I am trying to look it up.

Mr. MUTCH: If they were attached to them they would certainly have had disciplinary powers over them.

Mr. BLAIR: They would be attached for discipline and rations.

The CHAIRMAN: I presume these people would go on the strength of the R.C.A.M.C. for rations and, perhaps, discipline? There must have been some authority for it. That seems to be vital.

Mr. BLAIR: What happened to the V.A.D's in the last war?

General BROWNE: In the last war they were definitely attached to and were part of the R.C.A.M.C.; in this war they were not.

Mr. BLAIR: And as such they were eligible for pension?

General BROWNE: That is correct.

Mr. BLAIR: Even if they served in the St. John Ambulance?

General BROWNE: Yes.

The WITNESS: There is a P.C. covering them in the last war, but not this.

Mr. MUTCH: Is there a routine order?

The CHAIRMAN: In regard to the V.A.D's there is an order in council 49/3546, which covers the service of the V.A.D. I do not know whether that covers the others.

The WITNESS: Might I give you these references?

The CHAIRMAN: Yes.

The WITNESS:

These members served probation period for three months. When the confirmation of their appointment was approved, they took an oath of allegiance and were attested, as shown on M.F.M. 153. They felt at the time that their attestation was the same as the Army Sisters and though their status was different, these members (some of whom had worked for nearly three years) believed quite definitely that they were part of the R.C.A.M.C.

The order in council confirms their belief and to all intents and purposes these members have every justification as:—

1. They had to wear their uniform at all times.
2. Their leaves of absence were under the same conditions as laid down for officers of the army. (See paragraph 18 under "Leave", General Order in Council No. 156.)
3. The members signed up (in most cases) for service anywhere and could have been sent overseas to serve with the R.C.A.M.C., and most of them hoped this would happen. (The Quebec City V.A.D's did not sign for service under these conditions.)
4. No V.A.D. could terminate her service without the consent of the adjutant general on the recommendation of the Director General of Medical Services. (See No. 11 (a & b) and 9a, General Order No. 156.)

Mr. MUTCH: Is it true that those 66—those who ultimately went overseas—were permitted to resign from that appointment and subsequently went into a civilian capacity with the Red Cross?

The WITNESS: That is correct. There were many V.A.D's serving overseas. They had to resign from the R.C.A.M.C., who, with the consent of the department, went over to England and served.

Mr. MUTCH: So long as they were in Canada they were, in fact, part of the armed services.

The CHAIRMAN: They do not admit that. They say that this order in council was so drawn that it definitely did not make them part of the armed services. That has been argued at great length. With regard to the V.A.D's they say that although they were raised on the authority of a general order they still were not members of the armed services.

Mr. MUTCH: That is a very fine distinction.

The CHAIRMAN: It is a ruling made by the military authorities, through their legal branches, as I understand it. The people who went overseas do not even get the protection of that argument because they had resigned from their position under that general order in order to proceed overseas.

Mr. MUTCH: That is correct. They had to have the permission of the A.G. or the director general on the advice of the Director General of Medical Services, which does not sound like a military appointment.

The WITNESS:

5. Section 4 shows that the appointment of a V.A.D. is approved entirely by the army, and is examined by the Army Medical Board (section 8) and sections 9 (a, b, c) and 10, only go to confirm their status as full-time members of the R.C.A.M.C.

The CHAIRMAN: That question refers to those who served under the general order; it does not apply to those who went overseas?

The WITNESS: Correct.

The CHAIRMAN: On what terms did those people go overseas? Were they admitted to service with the R.C.A.M.C. or the British Red Cross? You say they served with the R.C.A.M.C. overseas; now there must have been some authority for that some place.

Mr. MUTCH: It would be a C.A.R.O. if you could find it.

The CHAIRMAN: I think that is vital. There has been the argument all along as to whether they are really either members of the armed forces or very close to it.

It seems strange to me that cannot be found and produced if there is any real feeling that that can be proved.

Mr. GREEN: You mean an army order authorizing them to be sent overseas?

The CHAIRMAN: Yes, or authorizing them to be detailed to be sent overseas or authorizing them to be detailed to serve with them. There would have to be an order authorizing them to be attached for rations, discipline and so on. Surely if there is an order like that, it would have some bearing on this question. If there is no such army order, then apparently they were treated right throughout as civilians. That is the way it looks, as far as we have any evidence of it.

By Mr. Blair:

Q. You are only asking for rights for those of the personnel who proceeded overseas? There is no consideration for these people in Canada being asked?—
A. Plus the 66 V.A.D.s in Canada. Mr. Chairman, I might say, although I may be wrong in this, that my understanding is that a girl who desired to go overseas, if she was a V.A.D. attached to the R.C.A.M.C. she had to resign and get out; she resigned and became a civilian again and then applied the same as any other girl here to go overseas. In other words, she was not seconded through any function of the government to do duty overseas. She became a civilian again or she resumed her original status and then went overseas with the Red Cross.

By Mr. Mutch:

Q. She was permitted to retire or to be discharged from the V.A.D.s for the express purpose of going overseas as a civilian with the Red Cross?—
A. Quite right.

Q. That much is clear.—A. Yes.

Q. And in order to be retired for that purpose, she had to have the permission of the adjutant general on the recommendation of the D.G.M.S.?—A. Yes.

Mr. BLAIR: Is the Red Cross an auxiliary unit so far as the army is concerned?

Mr. MUTCH: No.

The CHAIRMAN: Very much not.

Mr. BLAIR: But the government or military followed the practice as defined?

The WITNESS: Yes.

The CHAIRMAN: It can not be in any way, shape or form.

The WITNESS: Under its charter it is auxiliary.

The CHAIRMAN: Are there any other questions?

Mr. GREEN: Could we have the recommendation that was made by our subcommittee with regard to the Red Cross?

The CHAIRMAN: Yes. If it is the desire of the committee to discuss this matter it is quite all right. I thought that we might take up the rehabilitation bill, but if it is the desire of the committee to take up the recommendation of the subcommittee on these auxiliary services, all right.

Mr. GREEN: I did not have in mind considering it now but I should like to have read, what the subcommittee did recommend.

The CHAIRMAN: That would be interesting and these gentlemen might comment on it. We could see what they have to say.

Mr. MUTCH: I read it into the minutes the other day. I should like to say with respect to it that your subcommittee made two separate and distinct recommendations. You will remember that under the original terms of reference

as of the 14th of May, I think it was, we had given to us a draft of a proposed bill dealing with civilian war pensions. Under that heading your subcommittee recommended—we approved the bill with three or four minor changes and we recommended this be in its terms:—

Your subcommittee also recommends the draft of the proposed bill be further amended to include provision for the following groups similar to that provided for other civilian groups:—

1. V.A.D's who served with the Canadian Army under the provisions of order in council P.C. 49/3546 of April 30, 1942;

Mr. GREEN: That would be the 66.

Mr. Mutch: That would be the 66. Continuing:—

2. Former members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war.

There are some 800 of them, speaking from memory. Continuing:—

3. Orthopaedic nurses selected by Canadian Red Cross Society for employment by the Scottish Ministry of Health;

4. Former civilian flying personnel of No. 45 Group R.A.F.

Those are the amendments which were made to the draft of the proposed bill to bring them on all fours with other civilians in the matter of pensions only. In addition to it was recommended that provision be made for former members of the Pacific Coast Militia Rangers similar to that provided for members of the A.R.P. It is a limitation on the other, if you remember the proposals of the draft bill.

Mr. GREEN: You are dealing now only with pensions?

Mr. Mutch: Yes. This report deals only with pension rights. Then the terms of reference required that your sub-committee should further consider the possibility of drafting an omnibus bill which would cover the recommendations of this committee with respect to other veterans' rights which might be conferred on civilian groups and in conjunction with that, you may remember we did recommend in our subcommittee that the same groups which I have mentioned previously, these four groups, should be given varying benefits.

Mr. GREEN: What was your recommendation with regard to the Red Cross?

Mr. Mutch: With respect to the V.A.D's who served with the Canadian Army under the provisions of order in council P.C. 49/3546 of April 1942, these are the recommendations:—

(a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act; (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training.

That is all that was recommended for that group in Canada. Then for members of the Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war is was recommended:—

(a) Eligibility for Class III treatment as provided for veterans under the provisions of the Veterans Affairs Act; (b) If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training; (c) A gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act, 1944.

Those are our recommendations.

Mr. GREEN: In other words, you have only recommended educational training benefits?

Mr. MUTCH: To those who were pensionable.

Mr. GREEN: If they were pensionable.

Mr. MUTCH: To those who were pensionable; that is right.

Mr. GREEN: So that would cover practically nobody, because there were no pensioners.

Mr. MUTCH: At the moment I am not making a report. I am doing what was asked and reading the report of the committee.

Mr. GREEN: No, but that is the effect; there are no pensioners at all, as I understand it.

Mr. MUTCH: There will be some pensioners and there may be more pensioners if the first recommendation is enacted in legislation. But the main recommendation is, of course, credit for service in a theatre of actual war. That is the main benefit. The educational benefits were made conditional on pensionability as is the case in certain other civilian groups.

Mr. BROOKS: Would gratuity include re-establishment credit?

Mr. MUTCH: No.

Mr. HERRIDGE: Can Mr. Mutch explain to the committee on what grounds the subcommittee makes the distinction between nurses who served and were recruited under a civilian contract to serve overseas in South Africa and members of the Red Cross who were recruited under a civilian contract to serve overseas in Great Britain and on the continent?

Mr. MUTCH: The committee members might more properly speak for themselves, I suppose. As far as I am concerned I do not concede that is the situation. My impression of the conditions under which the South African nurses were recruited is vastly different from Mr. Herridge's. I know in point of fact that it came as something of a shock to the Canadian authorities who recruited through the regular R.C.A.M.C. channels—I stand to be corrected on this, but I am sure I shall not be—to find what the position was. They were recruited within regular R.C.A.M.C. channels and left here in accordance with Canadian practice in the standing of members of the armed forces which the R.C.A.M.C. nurses enjoyed. It was not until—and I believe I am correct in this; certainly it was the information given to the committee—these people reached South Africa and considerably afterwards that we discovered that they did not have the rights and privileges of members of the South African forces, where R.C.A.M.C. nurses are not treated as members of the forces; and it was to correct that misconception at the time of enlistment. They were examined under R.C.A.M.C. practices completely.

Mr. HERRIDGE: They went to South Africa as civilians.

Mr. MUTCH: No, not as civilians.

Mr. HERRIDGE: They signed a civilian contract.

Mr. MUTCH: I am sure you are in error. Certainly that was the impression of our committee. Whether or not this committee accept, expand or contract the recommendations of the subcommittee is for the committee as a whole to say; but we reviewed the evidence and came to the decision which I have read. It varies for various groups. The nature of the services was taken into consideration, the nature of their enlistment. That is the way it was done. At the moment I am not arguing. I shall in due course argue for the report of the subcommittee. I am not going to stand in the way of somebody who wishes to be more generous, but I shall certainly combat anyone who wishes to be less generous.

The CHAIRMAN: This point with regard to the South African nurses, I think, should be cleared up; because there is no use even trying an argument if it is really not well founded. I think we should have the facts on that and I think our solicitor has the facts.

Mr. GUNN: Mr. Chairman, I think it can be safely said that the personnel who were enrolled for service in the South African nursing forces were regarded by our Canadian authorities as members of His Majesty's forces in South Africa; but due to the South African laws, of which the Canadian authorities did not have any knowledge at the time, it turned out that technically they were not members of the forces. That did not become clear until some of the nurses had returned to Canada, I think about some time in July or August last year, when their exact status was examined. It was then seen that technically they were not members of the forces and as such not entitled to the benefits under Canadian legislation. That, as you remember, was cured by an order in council.

The CHAIRMAN: But the point was that when they went into the South African Nursing Services they understood they were joining the armed forces of His Majesty.

Mr. GUNN: That is what they say and there has been no evidence to the contrary.

Mr. MOORE: Were they attested?

Mr. WOODS: The order which they joined was called the South African Military Nursing Services.

Mr. BAKER: Mr. Chairman, the committee passed this decision on that premise. We certainly understood that they were regarded in a similar light to the nursing sisters in the R.C.A.M.C. and that is what our opinion was based on. At least that is what my opinion was based on.

Mr. HERRIDGE: They signed contracts, I understand, under which their salary or rate of pay was on an entirely different basis to that in respect of the R.C.A.M.C. I will ask Mr. Gunn a question. Is it not correct that they signed a civilian contract?

Mr. GUNN: That is what it was in effect, although I believe the nurses felt that they were enlisting in His Majesty's South African armed forces. But the effect of the contract was not exactly that.

The CHAIRMAN: By South African law.

Mr. GUNN: By South African law.

Mr. MUTCH: It is correct they left here in uniform, is it not?

The CHAIRMAN: Surely.

Mr. GUNN: I cannot answer that.

Mr. PEARKES: These girls wore the Canadian uniform.

The CHAIRMAN: Surely.

Mr. PEARKES: When I went out to Vancouver I travelled with one of them who was returning and she was wearing the stars of the Canadian nursing sisters.

The CHAIRMAN: Yes. It was a matter of keeping faith with them. We actually led them to believe that they were joining the forces of His Majesty in South Africa. Then when it was found that, by a narrow rule of South African law, they actually did not have that technical standing, we had to keep faith with them. But then I think it is very bad to try to say that, because we did it for them, these other people should get exactly the same treatment. What we are doing in effect is blowing both hot and cold. We argued that they were actually members of the military forces and that is why they should get these rights; and now we are saying, or at least Mr. Herridge in effect is saying, that they were not members of the military forces, that they were civilians.

Mr. HERRIDGE: No.

The CHAIRMAN: I do not know what in the world the government would think of that argument.

Mr. HERRIDGE: Pardon me, Mr. Chairman. We argued that even although they were not considered members of the military services, because of their services they should get this grant, and we use the same argument in this case.

The CHAIRMAN: That is not the basis on which this grant was made.

Mr. Mutch: I think I am correct in saying that when they left here they wore the uniform of the nursing sisters. They certainly did when they came back, and my belief is that they left here in the uniform of the R.C.A.M.C. going to join the South African forces and that they actually wore the commissioned insignia on their shoulders.

The CHAIRMAN: The recital of the order in council was this. This is the order in council which was passed. It was on this basis that the government acted, and it was on that basis, I take it, that the committee confirmed it. It is order in council P.C. 6938 dated 15th day of November, 1945, and reads as follows:—

Whereas the Minister of Veterans Affairs represents that during the present war approximately 300 nurses were engaged in Canada by or with the approval of the Government of South Africa for professional services in South Africa and thereby became members of an organization known as the South African Military Nursing Services;

That the South African Military Nursing Services was not, at any time pertinent to the foregoing, a military establishment in the sense that the members thereof were members of His Majesty's armed forces;

That it has been represented that the nurses aforesaid believed that on joining the South African Military Nursing Services they became members of His Majesty's forces on active service, and by reason thereof entitled to all reestablishment benefits available to Canadians who served in His Majesty's forces other than Canadian forces;

And then it goes on to recite the benefits received by members of the South African Military Nursing Services. Surely that argument cannot be used in respect to the Red Cross nurses, that they thought they were joining His Majesty's forces and that they went overseas with that belief. Surely we should not raise that argument because it casts doubt on the validity and the basis on which we passed the other. I am not quarrelling with the suggestion that these people should get the benefits, but I am saying that the very basis on which they got it was that they thought and believed, until they began to come back, that they were members of the armed forces, and it was a matter of keeping faith with them.

Mr. Mutch: They wore the uniform.

The CHAIRMAN: Yes.

Mr. Green: Mr. Herridge made his submission in good faith and believed it to be a sound argument. Surely he is not to be verbally thrashed for making the suggestion?

The CHAIRMAN: No, I am not doing that. But I do not think, as a matter of fact, that this bill in regard to the South African Nursing Services is actually through the Senate yet; and of course if we are going to sweep away the very foundation on which that bill went through, it is a serious matter.

Mr. Herridge: We are not doing that.

Mr. Mutch: Even unintentionally.

The CHAIRMAN: I mean unintentionally. I do not think it is wise. I have the very highest regard for Mr. Herridge, as he knows. It is merely a matter of making sure we do not do any harm. That is all.

Mr. Herridge: I appreciate that, Mr. Chairman.

The CHAIRMAN: I think this should stand on its own footing, this argument about the nurses who went overseas.

Mr. MUTCH: These people have a pretty fair case without raising the other.
The CHAIRMAN: Yes.

Mr. GREEN: May I ask Mr. Mutch this question. Just what treatment rights would be covered by that recommendation?

Mr. MUTCH: Class III treatment, you mean?

Mr. GREEN: Yes.

Mr. MUTCH: Class III treatment rights include, as represented to the committee, free medical service for a period of one year to non-pensioners and continuous medical service to those who are pensioners. I do not know whether it involves anything more than that or not; but it does involve that, I am informed.

Mr. GREEN: Why did you not recommend educational assistance?

Mr. MUTCH: In general, I think the reason for the limitation of all the so-called civilian groups other than the supervisors was the thought in the minds of the committee—or in the minds of the majority of them at any rate—of the necessity of some distinction in benefits between those who were actually members of His Majesty's forces on active service and those who were, if you like, associated with His Majesty's forces in the conduct of the war. Your subcommittee attempted, I think, to seek two things: first of all, those things which seemed in the wisdom of the subcommittee to be most likely to be of benefit to those persons and, secondly, those which the nature of the service gave us reasonable grounds to argue for the implementing of the report. For instance, when we came to deal with some contentious matter of the former civilian flying personnel in No. 45 Group R.A.F., the committee went considerably further than they did with respect to some of the other groups. They did that for this reason, that our information was that 35 per cent, over the period of the existence of this organization during time of active service were actually killed, although I think the figure given was that something between 85 and 90 per cent of the total casualties were deaths rather than injury. In view of that fact and in comparison with what certain other organizations got, the subcommittee tried to act in, I hesitate to use the words "a judicial manner"; however, they tried to take into consideration the terms of service; that is, how they came into the service, under what auspices and under what discipline they were, the nature of the service which they performed. On that basis the subcommittee came to the conclusions which I have given you there. I may say that with the exception of the fire fighters, the committee reported unanimously on all of the others. We had nine meetings. We discussed the matter fully. We had before us the presentations of the various people on behalf of these people. To ask me to go back over the committee which did not keep a Hansard of its own meetings, and adduce all the arguments pro and con is asking more than even I am capable of doing.

Mr. GREEN: You did not recommend re-establishment credit?

Mr. MUTCH: We did not recommend re-establishment credit in any case, if I remember correctly.

The CHAIRMAN: These reports, gentlemen, are found in the minutes of proceedings No. 42, at pages iv, v and vi. I wonder if you, General Browne, or Mr. Caudwell would care to comment on the suggestion of our subcommittee? We set up a subcommittee to study this very problem and Mr. Mutch was chairman of it. As he has stated, they recommended in regard to pension matters, that consideration to be given to granting pension rights in respect of injuries due to service be given to V.A.D's, former members of the Canadian Red Cross and St. John Ambulance Brigade and orthopaedic nurses. The basis upon which similar rights were given to other people was more or less due to war service, due to enemy action or counter-action or due to injuries arising out of training. That was the suggestion in regard to pension rights. That, as I take it from your submission, would meet some of your submission quite substantially. The other

branch of their report is found on page vi of our minutes of proceedings, with which you may be familiar, of July 8, 1946, No. 42. The suggestions in regard to the V.A.D's, is "eligibility for Class III treatment" and, "if pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training." That is in regard to the V.A.D's. Then they suggest in regard to the people who went overseas, "Class III treatment"; then, "If pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training; and "a gratuity of \$15 for every 30 days of service in an actual theatre of war as defined in the War Service Grants Act." Those were, in effect, the suggestions made by our subcommittee.

Mr. MUTCH: Mr. Chairman, before you ask General Browne to comment, may I make a correction that has not been brought to my attention before. The percentage of casualties should be 41 instead of 39 per cent. That has been corrected to 22 per cent. I wish to make that correction.

The CHAIRMAN: In the early days it was actually as high as that.

Mr. MUTCH: Yes. It rose as high, during a certain period, as 39 per cent; but the overall picture is 22 per cent.

The CHAIRMAN: Well, I understood it was 20, but it may be 22 per cent.

Mr. MUTCH: I have had about four different figures, but it is a lot higher than for the forces of the A.R.P. in Hull or a number of other places.

The CHAIRMAN: I do not know why you suggest the A.R.P. in Hull is much more dangerous than any other place, I am sure.

Mr. GREEN: He knows more about it.

The CHAIRMAN: I do not know. I am rather intrigued with that suggestion. Would you care to comment on that, Mr. Caudwell?

The WITNESS: Now, Mr. Chairman, my comment on that is as I said before; these girls wanted to do a job and they did it. They were not thinking about any return of money or pensions or anything else. My comment with respect to the recommendation of the chairman and the subcommittee is that it is very generous. As to the question of what part of educational training you might see fit to provide something for, we consider your recommendation to be very generous. We are not putting forward a story that somebody got this and somebody else got that. We are glad for anything we receive.

Mr. GUNN: I notice, Mr. Chairman, that you invited the witness to produce a specimen copy of the contract. I think it would be well for us to have some evidence of some government approval. There must be an order in council or something substantial. I imagine that General Browne would have it in his records.

The CHAIRMAN: If you find any further evidence, Mr. Caudwell, would you forward it to the clerk of the committee so that it may be laid before the committee. Now I thank you, Mr. Caudwell and General Browne, for your presentation. I wish it could have been presented last fall, because it is now getting pretty late in the session.

The WITNESS: Thank you very much for giving us this opportunity.

General BROWNE: And I thank you, too.

The CHAIRMAN: Now, gentlemen, this rehabilitation bill has been distributed to you. It is one of the last measures that we still have to consider and upon which there would be legislation passed. In this particular bill the substantial and new advantage that is to be conferred is the right to grant money to universities with which to make loans to veterans in order to cover extra cost which they might incur when going to universities, so that they can complete their courses. That, of course, is something that I think the committee will approve. I do not know that there is very much else that is of great substance

in this particular bill. I realize there has been discussed from time to time increasing the allowances. Our committee recommended that the allowances to these universities be increased. That point has also been considered by the University Advisory Committee and it has also been considered by the government, but it does not come into this bill at all because it is done by regulations. Now, what I would suggest to the committee, although it may not meet with your approval, is, that we consider this bill and make whatever recommendation we want to make in regard to it; and then, after that, at a time that we agree on, if the committee desires to do so, it may further discuss the question of allowances to students, with a view to making whatever recommendation to the government it may think fit.

Mr. Mutch: That would be apart from the legislation.

The Chairman: That would be apart from the legislation because the university students are not in the legislation anyway. It may be that the committee would wish to hold up this bill.

Mr. Mutch: But we have already gone on record.

The Chairman: We could discuss it and go on record again. With all deference, I do not see why we should held up this particular bill. If we agree with it, I would like to see it go into the House and actually on the order paper. That was my thought about it.

Mr. Green: Mr. Chairman, I think that the most important question having to do with rehabilitation, which now faces this committee, is this question of whether or not any further assistance is to be given to the veterans who are attending university. That is the key question that we have got to face. I do not think that it should be deferred until after this bill has been recommended, as the chairman says, and perhaps reviewed later on in the session.

The Chairman: We could do it to-day.

Mr. Green: I think we have got to face this question now rather than stalling.

Mr. Mutch: You suggest that a scale be put in the bill?

Mr. Green: I think the committee should decide what it wants to do on this question.

The Chairman: We could take this up later on to-day.

Mr. Green: It comes directly under this bill and you have just said that the main feature of the bill is this new provision enabling money to be advanced to the universities for the purpose of making loans to the students. I understood some weeks ago there was to be some further assistance given to these young men and women who are at university, but apparently such is not the case. I think the committee should consider the whole picture.

Mr. Mutch: Why do you say it is apparently not the case?

Mr. Green: Well, if it is going to be the case, I would like to know because it would save a lot of argument.

Mr. Mutch: But it would not be in this particular bit of legislation.

Mr. Green: There could be an announcement from the department if there was to be help.

Mr. Merritt: Surely the question could be answered. Is it the case or is it not the case?

Mr. Green: If there is to be further assistance given to them, then let the chairman tell us, so that we can act accordingly.

Mr. Mutch: I am very much interested in this thing. Are you saying that if we are not going to deal with this piece of legislation, we might as well do something or other?

Mr. GREEN: No, I do not say that. I say that this question is very material under this particular bill, and I say that the present is the time to consider what is to be done about university students. If the chairman could tell us there was to be further help given, that would help us and it might avoid a lot of argument.

Mr. MUTCH: On this bill; but I cannot see the connection.

The CHAIRMAN: I see what Mr. Green is getting at.

Mr. MUTCH: Well then, you tell me, because I do not.

The CHAIRMAN: I think I do. We discussed this thing together right along; and I can understand that he would like to know what is going to be done in addition to what is in this bill.

Mr. MUTCH: By regulations?

The CHAIRMAN: Yes. I would say to him that I think I know, but I think I should not say what it is because I think it is a matter that the minister should deal with. So I suggest that we take up this bill this morning, for the rest of the time we have, and go over it and pass as much of it as we can; then, when we meet again this afternoon or to-night at 9 o'clock, we could go on with it, and if the minister is able to be present and you wish him to make an announcement of what the government is willing or not willing to do, that would be all right. I do not think it matters so very much, but I would like to see this bill reported if possible, to-day, in order to get it on the order paper.

Mr. GREEN: We might be able to persuade the minister to make a better announcement.

The CHAIRMAN: That is another reason why I thought we should try to keep them separate, because one is a bill and the other is a regulation. The mere fact of holding up the bill would not improve the situation at all. I think we should report this bill if it suits us, with what changes we may agree on; it would not be done with the idea of stalling it, but with the idea of getting it off our agenda; and then, if the committee desires, the next question would be the question of grants to universities. I think we should put this bill through in a very short time, and we could go on this afternoon or to-night with the question that Mr. Green has suggested. I think that would be a very orderly way of doing it.

Mr. GREEN: This proposal to advance money to universities to be loaned to the students is one way of helping the students. It is a part of the whole picture which should be considered at the one time. We should not just pick the nice half and leave the part that is not going to be so pleasant for later on.

Mr. MUTCH: Just because one thing is acceptable, I do not think that it would warrant our going into it. I do not like this idea of using it as a lever to get something else. Here is something which is perhaps admittedly good, but we are not going to recommend that until we get something else. This question of contingent recommendations is getting to be a habit around here.

Mr. BROOKS: I do not see any reason for this interminable argument.

The CHAIRMAN: No, I suggest that we start with this bill, and I shall try to have the minister, if it is at all possible, come before us at our next meeting later on to-day and make such statement as the committee desires him to make.

Mr. WOODS: May I make a correction with respect to my statement as it appears in the report No. 23 of May 28, page 681. At that time I stated that the approximate cost of university grants would be \$4,000 per pupil or per student, and that vocational training would cost approximately \$2,000. Now, I find that that was due to an error in computation and that the last item was incorrect. With your permission I would suggest that the first paragraph on page 681 be revised to read:—

It is estimated that 100,000 veterans will take advantage of vocational training at an estimated payment of allowances of \$76,000,000. This results in an average estimated cost of training allowances to the Department of Veterans Affairs of \$760 per trainee. It is estimated that the average monthly cost of tuition provided by the Department of Labour through Canadian Vocational Training is \$25. The average estimated period of training is six months. Thus the average estimated cost of tuition fees per vocational trainee is \$150. Therefore the average estimated cost per vocational trainee is \$910 (\$760 allowances plus \$150 tuition).

I therefore suggest that the first paragraph on page 681 be revised to read:—

It is estimated that 40,000 or less than 4 per cent of those who served in our forces will take university training at an over-all cost of \$164,000,000 or in round figures, \$4,000 per veteran in university training.

It is estimated that 100,000 or about 10 per cent will take vocational training, the cost of which to the federal government is estimated at \$91,000,000 or \$910 per trainee. Thus the estimated expenditure in round figures per veteran is \$4,000 in university training as compared with \$900 in vocational training.

Section 2 of the bill, gentlemen, will re-enact the order in council which was passed after we had recommended it; where a man is waiting to start his vocational training and out-of-work allowances are paid to him, they shall not prejudice his right to draw allowances while he is taking training. In other words, if, through no fault of his own, he has got to take out-of-work allowances, say, for six months, due to congestion in the courses, or his inability to find work, it does not cut down his right to get allowances while he is taking training.

Mr. BROOKS: Suppose a man takes out-of-work benefits. That would not affect his allowance should he attend university. But what about a chap who says: "I am doing nothing right now and I would like to brush up on some of my studies, so I shall go to a school for that purpose. We have these schools all across Canada and they are certainly doing excellent work. In that case, a person who attended such a school would lose his future college benefits. I think the moral effect would be better if the chap was preparing himself for his college course rather than remaining idle at home. The only point I would bring up is whether or not he should encourage that sort of thing.

The CHAIRMAN: The basis of this was that he was waiting and couldn't get work; maybe they could not provide him with the course which he applied for. If you said he should get additional benefits without taking some further additional educational training which he wanted to have, you would be opening up a field that would be fairly wide.

Mr. BROOKS: A lot of those chaps left school at grade eleven, and, as we know, they would have to work three or four months in order to prepare themselves for university training such as this. Couldn't they be put in the same position as men receiving out-of-work benefits?

Mr. MUTCH: Do they have to pay fees when attending preparatory schools?

Mr. BROOKS: No; they receive \$60 but they have to pay board and so on.

Mr. MUTCH: Your suggestion is that the lad be allowed to draw out-of-work benefits while attending public school.

Mr. BROOKS: No. If he were idle, he would draw out-of-work benefits to the extent of \$50, and it would not be counted on what he received after starting university training; but, instead of being idle, he decides to go to a

preparatory school and so he draws \$60; but that \$60 will be charged against the time when he comes to university. Should not a man who is placed in the position of having to attend a preparatory school be placed in the same position as the fellow who sits idle at home drawing out-of-work benefits?

Mr. MUTCH: Actually, that does not shorten his university course, does it?

Mr. BROOKS: Yes, because he cannot get the \$60, when he is a student, while preparing for university.

Mr. MUTCH: But a university course is never terminated as long as he is getting along successfully and completing it.

General BURNS: This particular measure was introduced to meet the case of people who applied for vocational training, if vocational training was not available. It was not meant for people attending university courses which begin at fixed times.

Mr. BROOKS: Yes, but we know that universities are crowded and a man might draw this \$60 out-of-work benefit. Would that be taken off his university course amount?

General BURNS: No, I do not think it would be. The other case was not contemplated when this was introduced.

Mr. BROOKS: Oh, I see.

General BURNS: But as you say, when a man decides to fill in his spare time by going to school, if he wished to register at the National Employment Service office, and if there is no work for him, and if he is willing to accept work when it comes, he could still draw the out-of-work allowance.

The CHAIRMAN: And at the same time attend a course like that?

General BURNS: Yes.

Mr. BROOKS: How about the chap who needs to write off three or four subjects for his matriculation?

General BURNS: In that case he is provided for, and education is regarded as continuous, pre-matriculation and post-matriculation. In very many cases we have allowed young men, who are not drawing allowances, to go to pre-matriculation classes. In such cases we preserve the allowances for the time they are at university, which is the time when usually the money is more advantageous for them.

Mr. WOODS: It is true, is it not, that there is nothing in this bill for those boys who want to attend those pre-matriculation courses?

Mr. BROOKS: That was not my point, Mr. Woods. My point was that these boys, out of necessity, may have had to leave school at the beginning, let us say, of grade eleven or at the beginning of the term, and they must go on and prepare themselves for matriculation examinations for a period of time which, in some cases, would amount to from five to seven months, and which would eat up their \$60 a month, which money they otherwise could use at university; whereas a man remaining at home idle, under this provision here, would get \$50 a month which is not charged against his whole rights at all.

General BURNS: The idea of putting this in was that it was to meet circumstances beyond the control of the veteran who wanted to take vocational training, which circumstances might, in some way, be said to be the responsibility of the federal government, such as to provide facilities. The arrangement was made that he would not prejudice his entitlement under the training Acts, that is, the training portions. Now, the same thing does not really apply to the man who is going in for educational training but who needs further qualifications for passing in. Education is considered a continuous process, pre-matriculation and post-matriculation. What happens after he goes to university is that he has his entitlement up to the total period of his service.

The CHAIRMAN: Does section 2 carry?

Mr. GREEN: Mr. Chairman, this is an amendment to the section under which an unemployed veteran gets \$50 a month.

The CHAIRMAN: Yes, but it is really in regard to the length of time for which a person can get an allowance for vocational training.

Mr. GREEN: No, it is not. It has to do with out-of-work allowances, which are \$50 a month, not \$60.

The CHAIRMAN: But it does not cut down the time for which he can get vocational training allowances.

General BURNS: That's right.

Mr. GREEN: Section 5 of the Act, subsection 2, clause "d" deals with unemployment insurance benefits and it reads this way: to the effect that out-of-work allowance may not be paid to a veteran:—

(2) (d) who would, if his application were a claim for benefit under The Unemployment Insurance Act, 1940, be disqualified for benefit thereunder by reason of paragraphs (a), (b), (c), (d) or (e) of section 43 thereof.

That section of the Unemployment Insurance Act has been amended during the present session of the House. It involves the question of what happens when a veteran is on strike. I would like to know just what the position is under this Veterans' Rehabilitation Act where a veteran is involved in a strike either directly or indirectly. I think the committee should give careful consideration to that particular clause.

General BURNS: Might I ask if consideration has been given to what the position of a veteran would be who is awaiting to take vocational training, should a strike occur?

Mr. GREEN: No, this is a general restriction placed in section 5, subsection 2 of the Veterans' Rehabilitation Act; and the affect of the restriction is that a veteran cannot get this out-of-work benefit if he is involved in a strike. The chances are that he has just been working for a short time and has had no active part in the strike taking place, and yet, if he is involved in a strike, he cannot get this allowance.

There was difficulty, I know, in the lumber strike, in the logging strike in British Columbia. In some cases men who were not directly involved could not get the allowance. In any event, there was a long delay and great argument as to whether a man working in another industry that had to shut down because there was a logging strike could get unemployment insurance. The whole question came up there and I think it should be considered by the department.

Mr. GUNN: With all respect, I doubt if the particular point raised by Mr. Green does come up for consideration in connection with this particular clause. As you will observe, this deals only with allowances that are paid to students who, by reason of lack of facilities on the part of the department, are unable to proceed at once with their course.

Mr. GREEN: No; you are simply tacking on subsection 2 to paragraph 5 of the Act. Paragraph 5 of the Act deals with out-of-work payments and subsection 2 of that section lists certain conditions under which a veteran cannot get any out-of-work allowance. I say that we should know exactly where we stand on that subsection 2.

Mr. GUNN: I think Mr. Green is asking for an amendment to the Act as it stands at the moment rather than for the bill which is before us. It may be that paragraph (d) of subsection 2 of section 5 of the Act may require an amendment to bring it in line with present conditions of the new law.

Mr. GREEN: I have the Act here.

The CHAIRMAN: Yes, I understand. This is the question: when a man is out of work due to labour disputes, is this unemployment allowance payable to him under section 5, subsection 2, paragraph (d) of the present Act. That has always been there, of course, but if our committee thought that it should recommend that a person who is deprived of work because of a labour dispute should be able to draw these out-of-work benefits, it could so recommend; but I suggest that it has nothing to do with this particular clause. It is a matter for recommendation by this committee. We could ask that a clause be put in to that effect, if it is the desire of the committee, but I believe that it has nothing whatever to do with this subsection any way.

Mr. GREEN: Well, it is connected with that section.

The CHAIRMAN: Yes.

Mr. BROOKS: I agree with Mr. Woods that education is a continuous thing and that the high school student probably should receive the benefits as we have suggested.

(3) Where a veteran has been paid allowances under this section while waiting for training facilities, does that include universities?

General BURNS: No; vocational training.

Mr. WOODS: Very few of them have to wait for training.

Mr. BROOKS: I understand that universities are very crowded; and in the event of boys having to wait, should they not receive the same treatment as those who are waiting for vocational training? They might have to wait five or six months, some of those chaps. I do not see any difference between a boy waiting to get into university and a boy waiting to take vocational training in a vocational training school.

The CHAIRMAN: The time for which they can draw allowances for vocational training is limited to twelve months, whereas for university training, it can go on not only for twelve months, but it can be extended if he makes satisfactory progress. The point is this: suppose a man is waiting for university training. Say that he served three years in the army and is waiting for university training. He takes out-of-work benefits for six months. He can start his university course and probably finish it without having it affected at all. But the vocational training man, who is waiting, would be subject to a limit of twelve months; and if he waits only six months, he has lost half his chances. It is quite different.

Mr. BROOKS: If a man intends to enter university and is not accepted for six months and takes out-of-work benefits, does he lose anything as far as attendance at university is concerned? That is, is there any financial loss to him?

Mr. WOODS: It is intended, Mr. Chairman, that he will reduce the term which he can have in university by the six months he draws out-of-work benefits. There is a distinction between the two classes, as the chairman has pointed out. The vocational man has a much lesser term.

The CHAIRMAN: Can we carry that clause?

Clause 2 carried.

It is now one o'clock. Do you prefer to sit at 4 o'clock or 9 o'clock? I think if we sit twice to-day it would be ample. Those in favour of 4 o'clock, raise their hands? Those in favour of 9 o'clock, raise their hands? I believe the nine's have it. We will meet at 9 o'clock to-night.

The committee adjourned at one p.m. to meet again at 9 o'clock p.m. to-night.

EVENING SESSION

The committee resumed at 9 p.m.

The CHAIRMAN: Gentlemen, before we proceed with this bill I wish to say that I have a further submission from the National Council of Veteran Associations in Canada, signed by Captain Baker, in regard to the helplessness allowance provision and also in regard to the provision in the Pension Act which covers the question of disability under the Workmen's Compensation Act. It is drawing our attention again to their submissions in the matter.

Mr. MUTCH: When is the deadline for these things going to be?

The CHAIRMAN: I told Captain Baker that the bill had been reported to parliament by our committee, that the resolution was on the order paper and was so drawn with reference to the proposed bill that to make any substantial change in it involving the expenditure of money would mean withdrawing the present resolution altogether and starting all over again. I told him that at the present late date I did not think it was possible to do that; but I also told him that I would bring his letter to the attention of the committee anyway and have it put on the record so that members of the committee could know that they were not satisfied on those two points and take whatever action they thought right.

Mr. MUTCH: I move it be put on the record.

Mr. GREEN: If the letter is short, could you read it out now?

Mr. MUTCH: Put it on the record.

The CHAIRMAN: It is two pages in length. You will remember that the helplessness allowances vary with the rank of the person; that is, for a major the helplessness allowance was not as high as that for a lieutenant because the pension of a major was higher than a lieutenant's. The helplessness allowance is such that the allowance to a major and a colonel, if he is helpless, is exactly the same as it is to a lieutenant. The suggestion of this association was that the helplessness allowance should be added on to the pension, whatever it was. That is the first thing. The other thing has to do with the question of saying that an order in council imposes an over-all limit on the total of war disability compensation and workmen's compensation in such cases to the level of 100 per cent war disability compensation. They claim that workmen's compensation is based upon the man's earning capacity whereas pension is based upon his loss of earning power in the labour market, that they are two entirely different things and that they should not be put on the same basis. If I put this in the record, then members will be able to study it, as I say, they can take whatever action they think right on it. The committee can do that.

Mr. GREEN: What about that compensation provision? Could that change not be made without changing the resolution in the House?

Mr. MUTCH: By a motion by the minister in the committee, you mean?

Mr. GREEN: What is that?

Mr. MUTCH: An amendment by the minister in committee? Is that what you are suggesting?

Mr. GREEN: No. I am wondering if the resolution before the House is not broad enough to cover a change in the workmen's compensation provision.

Mr. GUNN: It means more money.

The CHAIRMAN: The resolution is very closely drawn, as a matter of fact. Item 2 is this:—

On November 5, 1945, page 477, section 11, Minutes and Proceedings of Special Committee on Veterans Affairs, this matter was presented by our council. On June 1, 1946, a supplementary presentation by our council again requested action in eliminating the unfortunate restriction of order in council 102-3375.

The serviceman who suffers a disability and receives war disability compensation is compensated in effect for loss of capacity in the general labour market without reference to professional crafts or other skills. In order to remove the prejudice of employer and to encourage the employment of war casualties, whose war disabilities are assessed at more than 25 per cent under the Canadian Pension Act, the government since the end of the first great war has assumed compensation responsibility. In May, 1944, the order in council referred to imposes an over-all limit on the total of war disability compensation and workmen's compensation in such cases to the level of one hundred per cent war disability compensation. Workmen's compensation has regard for professional, craft, or other skills and the average earnings to which the worker has been entitled thereby. Since war disability compensation takes no account of skills while workmen's compensation definitely does give credit, we believe that the attempt to combine these two different bases of compensation, and limit the total to the unskilled basis involved in war disability compensation represents an unfortunate practice with consequent disadvantage to the skilled worker.

Mr. WOODS: That is something else. That has to do with our order in council reimbursing the Workmen's Compensation Board. That has nothing to do with helplessness. That is handled by order in council.

Hon. Mr. MACKENZIE: Oh, yes; and it has been since 1922.

The CHAIRMAN: Then the second item is this:—

Workmen's compensation has regard for professional, craft, or other skills and the average earnings to which the worker has been entitled thereby. Since war disability compensation takes no account of skills while workmen's compensation definitely does give credit, we believe that the attempt to combine these two different bases of compensation, and limit the total to the unskilled basis involved in war disability compensation represents an unfortunate practice with consequent disadvantage to the skilled worker.

That has to do with our paying workmen's compensation.

Mr. WOODS: Yes, making up the scale.

The CHAIRMAN: That is done under the rehabilitation by regulation?

Hon. Mr. MACKENZIE: No.

Mr. WOODS: It is done by order in council.

Hon. Mr. MACKENZIE: No. There is nothing statutory whatever and never was for that. It was done by order in council in 1922. Very frequently in parliament the question was asked what the authority was and it was very difficult to find what it was. It is a matter of trying to encourage employment amongst those who are handicapped.

Mr. MUTCH: It is much easier handled by that method.

Hon. Mr. MACKENZIE: I do not think you need to bother with that in this committee, Mr. Chairman.

Mr. GREEN: The difficulty is this, that a man who was earning more than the amount of full pension cannot get compensation for a higher basis than if he were only earning the amount of full pension. Is that not what they are worrying about?

Mr. WOODS: Yes.

Hon. Mr. MACKENZIE: No.

Mr. GREEN: You put a ceiling on compensation, in other words.

Mr. WOODS: That is right.

Mr. MUTCH: \$75 a month for a single man.

Mr. Woods: There is a ceiling on a 100 per cent pension.

Hon. Mr. MACKENZIE: But the theory behind it was that unless you helped them out that way, the big companies would not take them on at all, and we are protecting the companies by raising our contribution to a level which would make them get this.

Mr. GREEN: Suppose a man is able to earn \$150 a month rather than \$75.

Mr. MUTCH: \$75 is the ceiling. That is the ceiling.

Mr. Woods: But he is paid at the regular scale of workmen's compensation in the province. All that our order in council does is to reimburse the province. It does not give the veteran anything.

Hon. Mr. MACKENZIE: Otherwise they would not employ them at all in many cases.

Mr. MUTCH: You pay whatever the compensation is up to \$75 a month earned by a single man. That is the maximum.

Hon. Mr. MACKENZIE: Yes. In some cases it is not very high.

Mr. MUTCH: No. I say that is the most it can be.

Hon. Mr. MACKENZIE: That was done in 1922 and has been done ever since.

Mr. MUTCH: It does not affect what the man gets at all.

Hon. Mr. MACKENZIE: In 1922, and it has been done ever since and has worked out well.

Mr. GREEN: Does the man in actual fact get his full compensation?

Mr. Woods: Yes, on the scale that is administered by the province.

Mr. GREEN: As I understand it that is what they are complaining about.

Mr. Woods: I promised Colonel Baker that we would take their two submissions and the order in council and have a conference on the subject. Then it is for the government to decide if any change should be made, but we would want to examine all the facts. All it needs is an amendment to the order in council.

Mr. GREEN: You are going to discuss it with Colonel Baker?

Mr. Woods: Yes, definitely.

Hon. Mr. MACKENZIE: The complaints we have been getting are that they were trying to discontinue it for the last five or six years. They have always said that it was generous. There have never been complaints that it was not sufficiently generous.

Mr. MUTCH: I move that the submission be entered in the records and that we get on with what we are doing.

The CHAIRMAN: Is that carried?

Carried.

Major General E. L. M. Burns, Director of Rehabilitation, Department of Veterans Affairs, called.

The CHAIRMAN: We carried clause 1, but it was brought to my attention that it was not very clear. It says, "under this Act". It should have been, "under section 7 of this Act", so there will be no doubt about it.

Mr. GREEN: Are you changing that?

The CHAIRMAN: Yes. It will read "Under section 7 of this Act".

Mr. MUTCH: At the end of line 11.

Mr. BENTLEY: Did I understand you to say this morning that you were putting "vocational" between "training" and "facilities" in line 7?

Mr. MUTCH: This takes the place of that.

The CHAIRMAN: Section 7 of the Act provides for allowances during vocational or technical training. It will read:—

"Where a veteran has been paid allowances under this section"—that is under the section which provides for out of work allowances—

—"while waiting for training facilities to be available for him, the period during which such allowances are so paid shall not be included in any computation of time so as to limit or affect training benefits available to him under section 7 of this Act.

That is to make it very plain. Shall it carry with that amendment?

Carried.

Clause 2.

Subsection three of section seven of the said Act is repealed and the following substituted therefor:—

(3) No allowance may be paid to a veteran under this section for a total period of more than twelve months except that, in special cases prescribed by regulation, the allowance may be paid for a period not exceeding the period of service of the veteran.

The limit of time during which allowances can be paid under section 7 of the Act is twelve months. That is the outside limit at the present time. The purpose of this amendment is to enable the minister in special cases to pay allowances for a total period of more than twelve months but not for a longer period than the veteran's period of service.

Mr. McKAY: What are some of those special cases, sickness?

The CHAIRMAN: It would be where his course could not be completed in twelve months.

Mr. WINTERS: The explanatory note does not seem to differ in that respect from the new clause.

The WITNESS: It is just the elimination of redundant words in the original, and it was done in deference to a suggestion of the Department of Justice.

By Mr. Winters:

Q. It does not change the substance of it?—A. Does not change the substance.

The CHAIRMAN: Is that carried?

Carried.

Clause 3 deals with the period for payment except in special cases.

Clause 3.

3. Subsection two of section eight of the said Act is repealed and the following substituted therefor:

(2) The total period for which an allowance may be paid to a veteran under this section shall not exceed his period of service, except that, if the minister is of opinion that a veteran's progress and achievements in the course he is taking are such that it is in the interest of the veteran and in the public interest that payment of the allowance be continued during a longer period, the minister may, pursuant to regulations made in that behalf, extend the period during which it may be paid.

The purpose of that clause is to have cases where the minister may extend the time for allowances governed by regulations.

Mr. GREEN: What is the time within which a veteran may apply for a course under the section?

The CHAIRMAN: Under section 8.

The WITNESS: For university training?

Mr. GREEN: The case I have in mind is for training as a chartered accountant. The veteran was unable to get into an office at the time because of the shortage of openings. I think last year the provision was that he must apply within a year from the time of his discharge; otherwise he could not get training.

By Mr. Green:

Q. Has that been extended?—A. It is within fifteen months, but that period may be extended if there is any good reason to the satisfaction of the minister that he has not been able to apply within that time.

Q. Would a position such as I have mentioned be deemed a good reason for extension?—A. I think it would.

By Mr. Mutch:

Q. The same applies to dental mechanics, does it not? In some instances there is delay in getting into a lab.—A. If there is any delay in commencing their training which is a good reason to the satisfaction of the minister it can be extended.

Mr. GREEN: What is the idea of making this provision for regulations?—As I understand it the purpose of the subsection is to enable the department to continue the allowances after the time a man has served has been used up. You have in mind apparently making some regulations to cover those extensions. Can you tell us under what conditions you are going to extend it?

The WITNESS: There has been in force for some time regulations covering that point. It was thought desirable to clarify those regulations. I have a copy of them but it has been mislaid. The essence of the regulations which have been recommended by the university advisory committee as suitable administrative provisions is that a man either be in the top quarter of his class or have second class honors and that he also be recommended by the scholarship committee of his university.

By Mr. Green:

Q. For an extension?—A. For an extension.

By Mr. Skey:

Q. Second or first class honours?—A. At least second class honours.

Mr. WOODS: In other words, the extension of time beyond the period of service has always been in the minister's discretion, and the purpose of the regulation is to define and interpret that discretion in consultation with the university committee.

By Mr. Mutch:

Q. It will give an edge to the chap in the smaller university, will it not?—A. That might be.

By Mr. Green:

Q. Why do you think that? Why would it be that?

Mr. MUTCH: Possibly smaller classes and easier to get into the top 25 per cent, less competition.

Mr. BROOKS: Honors means exceptional work. It does not mean if he makes an average of 80 or 90. It means he has to take honor subjects apart from the regular subjects. I think that is what honors means. If he just takes an ordinary course he would not get it.

The WITNESS: Unless he is in the top quarter of his class.

Mr. GREEN: This is the section dealing with the allowances that are paid to veterans attending university. I wonder if we could have that discussion now. It was held over this morning until the minister was here.

Mr. WOODS: The allowances are established by regulation. Actually the amount of them does not appear in the Act.

Mr. GUNN: It may not be quite true to say that this is the section dealing with the payment of allowances. This section really purports to enable the minister to set out by regulation passed by order in council the basis on and the conditions under which the minister may exercise the discretion with regard to those students who have made substantial progress and made a certain advance in their course training. And that is the whole effect of this particular section.

The CHAIRMAN: It was the suggestion, Mr. Minister, that when we came to this section that you might be prepared to make some sort of a statement. Have you agreed as to whether there is going to be any change in the amount in the allowances to students paid under section VIII? Section VIII provides what you may pay in regard to allowances during the time in which he takes a course; and, of course, the regulations provide the amount. There have been submissions made before this committee that the allowances and so on be increased, and I stated this morning that I thought any announcement to be made should be made by yourself.

Hon. Mr. MACKENZIE: Mr. Chairman and gentlemen, it is not the intention at all to increase the allowances. I must say that I personally went through six years at university myself and never had more than a hundred dollars a year. I think the allowances we are paying now, and I will not have any hesitation in saying this on any platform in Canada, are generous to a degree. If these boys can't get along with an allowance of \$60 for a single man and \$80 for a married man they should not be in the university at all.

Mr. GREEN: I am sorry to hear the minister go that far, because I do not think he is quite fair in that statement. However, this committee made a unanimous recommendation last fall that consideration be given by the government to increase the rates set forth in parts 2 and 3 of the schedule of rates in the post discharge re-establishment order. Those parts 2 and 3 deal with the payments to men taking educational and vocational training; part 2, deals with non-pensioners; part 3, with pensioners. Now then, there have been representations made during the present session and the minister himself did not always speak the way he spoke to-night.

Hon. Mr. MACKENZIE: Oh yes, I did.

Mr. GREEN: I have here a clipping from the *Vancouver Sun* of June 27 of this year, just three weeks ago. The heading of that is, "More Aid for Vets in College." This is the interview, or purports to be the interview which the minister gave on the occasion of his recent visit to Vancouver.

Hon. Mr. MACKENZIE: That is a good place to give it.

Mr. GREEN: He says:—

Order in council bringing "improved" benefits to war veterans attending Canadian universities is expected to be passed by the federal cabinet next week, Veterans Affairs Minister Ian Mackenzie said to-day.

While the minister said he could not specify what added benefits the new schedule would bring student-veterans, he declared that the government planned "fairly substantial improvements for the men."

That was three weeks ago. Now he is departing from what he said at that time.

Hon. Mr. MACKENZIE: Oh, no.

Mr. GREEN: I think that the committee should ask the minister to give further consideration to this question of allowances. The country has an investment in these young people. Canada has decided to see that they get university training, and I think quite properly so. Mr. Woods put the position, page 682 of our proceedings, when he used these words:—

It goes without saying that after enactment of a program that has attracted over 30,000 veterans to our universities our department is vitally concerned that no appreciable number of veterans are compelled to give up their course on financial grounds.

And, of course, in addition to these university men there are the men who are taking vocational training. Now, it is admitted by everybody that these young men have done exceptional work. Mr. Woods had that in mind, undoubtedly, when he said:—

The department takes pride in the performance of veteran students. All the universities report a very high standard of achievement of veteran students as compared with the student in peace time. The standard of accomplishment of the students is little short of amazing and we hope that opportunity will be afforded at a later date to present some illustrations of this for the information of the committee.

We have reached the end of the first term for a great majority of the students who are taking this training. We now know the position and just what the possibilities are of their being able to carry on. And I do not think anybody can question that certain conditions exist as the result of the experiences, the things that have been learned during this last year. The first is that the allowance itself is insufficient for these men to maintain themselves in university, that is true of the married men, more so than I think of the single men; I refer to Mr. Woods again, this time on the same page, 682, of our minutes of proceedings, and to a survey which has been made. He says:—

This survey indicates that the married student veteran expends \$83.50 in board and lodging, \$5 for laundry, \$4 for personal care, \$5 for urban transportation, \$16.50 for clothing and \$9.30 for insurance, for a total of \$123.30. This is compiled from questionnaires submitted to students. The bureau finds that the average married couple spends \$61.25 for board and lodging including laundry, \$2.20 for personal care, \$7.25 for transportation, \$11.84 for clothing and \$6.85 for insurance for a total of \$89.39.

This averages practically \$10 over the \$80 which is allowed to students.

Then we find on page 683 the stand taken on this question by the University Advisory Committee, which is a committee representing universities made up I believe of men from the different universities of Canada. In discussing the question of the adequacy of the university training rate this was their summing up:—

Summing up, the committee was of the opinion that if employment is available during summer recess and if the government confines its responsibility to board and lodging, the present training allowances are adequate for all but a relatively small group of married veterans without suitable housing.

The subcommittee, even subject to the two provisions indicated—providing a man could get work, and providing that the government confines its responsibility to board and lodging—find that there is a shortage in the case of married men.

Then, Mr. Livingstone, gave figures. (That will be found on page 648). There has been a very careful survey at the University of British Columbia, and he said that there the total arrived at for single men showed a deficit of \$8.05 at U.B.C. on essential expenditures; that is, without any recreation, cigarettes or anything else taken into consideration, the deficit would have been \$8.05 per month as per last December; and he points out costs have risen since; and in the case of married men it would average some \$30, perhaps a little less, \$25 to \$30 of absolutely essential expenditures. Then I think the position developed during the first year that men who have been running short have used their gratuities. They have had that backlog to call on to make up any shortage. Then, another fact is that 25 per cent of the students are married. Those figures I got from General Burns at page 655, where he was asked that question and he said: "It is practically 25 per cent at the present time." I presume those are still approximately correct figures.

Mr. Livingstone also pointed out at page 645 one other thing, that is, the difference in the position of married men. He said:—

However, there are other possible ways in which I feel you can meet this problem of these very considerable deficits which will force students to leave school next year unless it is met. In the first place I think a greater differential must be established between the single and the married students.

That seems to be the main concern, the difficulty which married men are having. Then, another condition that has now been shown to exist is that many of the men are on a continuous course. They are not taking holidays at all because they are able to go from one session to another session with an interval of perhaps a week. They are doing that because of their age. They are older than the ordinary university student. Another reason is their anxiety to get through in a hurry. They are going from one session right through to another and that gives them no opportunity to go out and earn anything in the summer. I do not know what percentage that would be, but I think at the University of British Columbia there are several hundred boys who are doing that. General Burns probably has those figures. I am sure that is something we did not take into consideration when we were going over this before.

Mr. HARRIS: Would you tell me, Mr. Green, what you think the purpose of this Act was in the first place?

Mr. GREEN: I think the purpose of the Act was to enable these young men to get their university training and their vocational training. I think it would be a great tragedy if the man who was really trying to get that training is forced to give it up, and is forced to leave in the middle of his course because he simply cannot exist. That is what worries me about the picture. I know that is the case with at least some of these men, particularly the married men.

Mr. Mutch: You wouldn't suggest that a single man is precluded from getting along on the present basis?

Mr. GREEN: The man I am most worried about is the man with a wife. I can see that he is getting himself into an impossible position. Considering the fact that they are older and that it is to everybody's advantage for them to get through as quickly as they can, I think we would be well advised to recommend some further assistance be given to them.

Mr. Mutch: Don't you think something hinges on whether the purpose of the legislation is to assist a man who wants to get an education or to educate him, because if you accept one interpretation, much of your argument falls on its face; but if you accept the other interpretation, you can perhaps prove an inadequacy.

Mr. Green: I do not agree with you in putting it that way. I do not agree with you. I am just about through, but I would point out that action has been very strongly endorsed by the Legion in their brief which was presented to us on October 26. They had this to say:—

The existing scale of allowances for university or vocational training is inadequate, especially in large centres of population. The lack of proper provision for food and shelter and the cost of books and other educational supplies in many cases defeats the purpose of this legislation, and the Legion recommends an increase in allowances.

The Legion, at their Quebec convention this year, dealt with it again and said—those members who are interested will find it at page 19 of the report of the convention:—

Sufficient time has now elapsed for a fresh appraisal of our Acts and regulations so that the basic intention can be carried out fairly and efficiently. The increased cost of living makes it evident that the grants for vocational and university training must be increased for married veterans so that they may be able to continue their training. We recommend, as in Vancouver two years ago, that the rates for married veterans be increased from \$80 per month to \$100 per month and that text book and commutation allowances be provided by the government and that these rates apply to non-pensioner and pensioner alike.

For the single veteran we recommend an increase to \$70 per month plus an allowance for text books.

I have had representations for example from the Vancouver Labour Council in support of the brief of the students showing how that labour body, which is a very strong body, feels about the position of students. Then I would point out the attitude of the young men who came here. They did not come here demanding things. I thought they came here and put their position before us in a very reasonable manner.

I think we should make a recommendation to the government that that situation be met. I understood, for example, that there was at least going to be provision made for transportation and for text books. Text books would run from \$50 to \$100 per college year. But apparently there is to be no help even of that kind. I do not think that the committee should simply let the matter drop at that and say that nothing can be done.

Hon. Mr. Mackenzie: There are two points raised by Mr. Green. The first point is the question of the allowances, and the second point is with respect to further concessions being made. I wonder if he has looked at section 5 of the present bill. Subsection (a) is a new subsection to enable the Governor in Council to provide money to the universities with which small loans may be made to veteran students to meet emergency conditions. These loans would only be made pursuant to conditions prescribed by order in council. That justifies every single word I said in Vancouver. Secondly, and I want to be

brief, of the 2,470 students who discontinued their courses, the discontinuance was made for the following reasons:—

University graduation.	312
Employed before completion.	841
Entitlement expired—short service.	260
Failed in year's work.	331
Transferred to Vocational Training.	397
Ill-health.	148
Re-enlisted.	172
Financial reasons.	9

Mr. GREEN: Well, of course, how many hundreds are there out of that group who left to get work? How many hundreds went to get a job?

Hon. Mr. MACKENZIE: 841.

Mr. GREEN: Probably most of those boys would have carried on if they felt it was possible for them to do so.

Hon. Mr. MACKENZIE: We have a record of the reasons for discontinuance, and we find that out of that great crowd only nine left because of financial reasons.

Mr. GREEN: I think you will find that some in the other groups did, too.

The CHAIRMAN: I have a letter here from Mr. Sinclair, forwarding to me a supplementary brief of branch No. 72 of the Canadian Legion at the University of British Columbia. Now that this matter has come up for discussion—it is a two-page brief, a supplementary brief.

Mr. GREEN: Would you read it?

The CHAIRMAN: Perhaps I should bring it to the attention of the committee now because they sent it to Mr. Sinclair and I presume they wanted him to present it. He is not here but he sent it on to me. Perhaps I had better read it.

Branch 72 of the Canadian Legion, University of British Columbia, appreciates the hearings it has had before the Committee on Veterans Affairs. In the light of statements by the deputy minister and others we would like to present several further points in support of our past recommendations. We would refer you to minutes of Veterans Affairs Committee No. 22, appendices A, B and C for our original presentations and submissions and No. 23 for further submissions and a statement given on this subject by the Deputy Minister of Veterans Affairs, Mr. W. S. Woods.

This submission sets forth our position on the following five main points:—

1. *Rehabilitation based on value not relative costs.*

With reference to the relative costs of the different phases of the rehabilitation program as quoted on page 68, by the deputy minister, it is our opinion that each phase should be approached on its own merits in terms of its value to the individual's rehabilitation and to Canada. We feel, therefore, that if increased allowances are required for the success of any one phase they should be made without reference to the other phases. That the cost of university training is originally established double that of any other form of rehabilitation confirms this claim, that the original scale of grants should, if necessary, be adjusted. Our prime consideration and reason for this submission is the insurance of the full success of the educational rehabilitation scheme which is being indicated by the high academic standards already attained by student veterans.

2. *Deficits sustained by student veterans.*

The Dominion Bureau of Statistics figures given to the committee by the deputy minister reveal that married student veterans have borne

deficits averaging \$43.50 per month. With living costs still rising, particularly with respect to housing, the deficits between allowances and actual living costs will become even more severe in the future. To date, student veterans have had their gratuities to meet these deficits; but, as in most cases gratuities and savings have been exhausted, we are convinced that many will be forced to discontinue their education, short of a degree, unless substantial increases in the allowances are made.

3. The discriminately high living costs of student veterans.

The deputy minister (reference page 682) quotes the cost of board and lodging of the average Canadian couple as \$61.25 per month, but that of the married student veteran as \$83.50 per month. Student veterans are neither extravagant nor enjoying a higher standard of living than the "average Canadian couple." In our opinion the disparity is due simply to the fact that the "average Canadian couple" established their homes before the war or retain the benefit of original rental ceilings, whereas the student veteran, like many other veterans, has had to start out during a period of shortages and higher prices. Another cause of the disparity is the fact that university areas are particularly crowded and the rents which prevail there are higher than the high average.

As a matter of fact it is evident that this same disparity constitutes the chief reason for increased grants.

4. The differential between grants for single and married veterans.

The inadequacy of the \$20 differential between allowances for married and single veterans is clearly shown by the statistics supplied by Mr. Woods. The single veteran pays, on an average, \$47.50 per month for his board and lodging and receives a grant of \$60 per month. The married veteran pays on an average of \$83.50 per month and receives a grant of \$80 per month. Therefore, on the basis of these two items alone, the differential should be \$36 per month. Clothing for the wife, just to mention one other item, justifies raising the differential up to the \$40 requested in our original brief, and by the Dominion Command of the Canadian Legion. Again, it is emphasized that the discriminately high costs to student veterans already referred to constitutes the grounds for increasing the differential for student veterans without reference to the differential obtaining for other groups, such as pensioners.

Incur:

The point has been made that the education rehabilitation scheme was devised only to assist student veterans to get a university education, and that we should be prepared to exhaust our savings and if necessary to go into debt to secure a higher education. We are in agreement with this statement. However, at the present scale of grants, married student veterans are incurring debt to the tune of an average of \$45 per month. Over a period of years his debt adds up to an amount which is obviously beyond the limit which married student veterans can go. Before the average Canadian ex-service man attending university will burden his wife and himself with such a staggering debt, we contend that he will drop out. We, therefore, urge an upward adjustment of the grants to prevent this from occurring and to save the education scheme from a measure of failures.

With reference to the "summing up" of the University Advisory Committee, quoted on page 683, we would make these three observations:—

- (1) The government does not now confine its responsibility to board and lodging in the case of the single veteran as shown by figures already quoted. Why should it discriminate on this basis in the case of married veterans?
- (2) There is a substantial deficit which the married veteran cannot handle and cannot carry even if he has suitable accommodation at prevailing rents.
- (3) More than 500 at this university alone is not a "relatively small group" without suitable housing.

Lastly, we would point out that the present discriminatory differential between single and married student veterans is unfair not only as to amount but as to resources available. Most single veterans have greater freedom to seek employment, some spare time and no family responsibilities. They can squeeze into smaller accommodation, which is more plentiful. They can live with relatives. They can undertake the risk of debt with no one to answer to, and for, but themselves. They can save from summer employment. Yet with all these advantages, although they still cannot cover current costs, they are given a relatively far larger maintenance grant.

The only advantage the married man has is if his wife is able to work full time. As we have previously pointed out, this is utterly impossible in case of (1) ill health, (2) pregnancy, and (3) children. These causes rule out well over half from even this possibility.

In conclusion, student veterans, and especially married, have adopted every means possible to keep going. We submit that they will still try in the future, but that the case is obviously that they won't be able to unless, at least in the case of married, a substantial increase is made in the allowances.

Mr. BENTLEY: When the chairman stopped me I was going to support Mr. Green. I am glad he stopped me because I have had the privilege of hearing that brief. I think the minister was a little bit unfair and perhaps too rigid when he made his statement at the start, and I heard him make the statement before that he was not himself in favour of a higher grant. He recalled the time when he went to college for a hundred dollars a year. I never had the advantage of going to a college, I think my first job paid me \$4 a month and my board. I would not recommend it to any young person to-day on a hundred dollars a year.

Mr. HARRIS: It turned out a pretty good man, did it not?

Mr. BENTLEY: It might have turned out a better one. The point I wanted to make was this: when these training schemes were first introduced into the country I was not a member of this House, but the committees on rehabilitation and the Legion branches and so on were very much pleased with them; we felt that this assistance and the training were really going to be very good. It was very generous at that time. If you remember the government at that time was not expecting—at least I give them credit for not expecting—some of the things that have happened. It was obvious at the time that \$60 a month or \$80 a month would have covered the necessary costs. However, since that time there has been a very substantial increase—

Hon. Mr. MACKENZIE: It started at a much lesser scale.

Mr. BENTLEY: Yes, but it increased almost immediately.

Hon. Mr. MACKENZIE: Two years afterwards.

Mr. BENTLEY: Even since that time there has been some substantial increase in the cost of living. Now, these services have been carried on not only by the veterans themselves but by the Ontario Command of the Canadian

Legion and by the Bureau of Statistics itself in their figures indicating that these living costs have gone up substantially within the last eighteen months; so that the measure of assistance that was at first contemplated by the government when this plan was introduced has, to some extent, been nullified by these increases over which the government apparently had no control. They did not know there were going to be the shortages. They had great plans and great hopes, I suppose, that have not developed as regards the housing program. No doubt, they expected many things to happen which in the nature of things did not happen as they rarely do to meet expectations.

I believe that the government should give consideration to an increase even if it were only a temporary one until such time as they can get back the living costs to the point they were at the time when the present figures were set. If something like that could be done it possibly would not be very long before there could be a gradual decline, something like the cost-of-living bonus. I am sure, in spite of the figures that the minister has quoted of only nine having left on account of their financial position, that the 800 odd who went to take up work were more or less motivated in doing that from the fear that they were going to run into financial difficulties which had already exhausted whatever resources they had, and they could not get by on their own. Again, taking all these other things into consideration, I have made it a point myself to interview people that I know personally and I have tried to interview only those that I thought would give me a real honest picture. I know quite a number of very fine young people who are veterans and who are going to the University of Saskatchewan in Saskatoon. I saw a number of these and I asked them, rather as a friend of the family or a friend of their parents more than anything else, just exactly how they were getting along. Without exception they informed me that they were wondering just how long they could tough it out. That is particularly so of the married ones, because a good many of them have found that their wives could not continue to hold jobs which they had before, through the reason stated in that brief that the chairman just read. Also, it is natural for a young chap when he does come home, to want to have his wife at home. He does not want a bachelor apartment if he can help it. He would like her to be there, and if there are children he does not want her going out and having to hire somebody to come in. There are a variety of reasons but the fact remains that, having regard to everyone I spoke to, all of them agreed that they were having difficulty in doing this; and those that have been through in the second year—say that the difficulty is increasing all the time because every day something is occurring that makes something they have to buy a little bit more expensive. The parents or friends who were previously able to give them a little help, because of these increased costs are finding themselves less able to buy maybe some clothing for the baby or to give them some cast-off clothing from other members of the family or something of that nature. All the way through the picture this is taking place, and I believe this committee should make this recommendation even if, as I say, it is only on a temporary basis to be reduced at the time the government feels they have the whole economy in the position they hoped to have it when these plans were made.

MR. TREMBLAY: Mr. Chairman, from listening to Mr. Green's remarks a while ago may I say that it seems to me that we are losing sight of something very important. You may be sure in the remarks I am going to submit I am not inspired by personal interest because two of my dependents are benefiting by this legislation. It does seem to me that we are forgetting that the responsibility of education lies with the old man. That has always been admitted and it is a basic principle, unless you go as far as to say, "Well, the state should take care of that." I do not see why we should make very sure that we are going to cover every circumstance so that a student, a returned man and university student, will be perfectly secure. I for one am very thankful that my son

and my daughter who are both taking university courses, who both probably would have taken them anyway had they not been in the services at all, are able to get these benefits. I am very thankful that they cost me only about \$5, sometimes \$10, and maybe the young boy up to \$15 a month occasionally. That is extra. Well, I look after that. But I think of the \$60 he is getting into the bargain beyond the course and I think that is very generous treatment. As I said at the outset, unless we turn around and say, "Well, education hereafter is the responsibility of the government" I believe we should be thankful for what is done and not go too fast.

Hon. Mr. MACKENZIE: Mr. Chairman, may I say one word here. We commenced these rates when the order in council was introduced in the first place or the regulation at \$36 a month for a single man. That has been increased to \$60 a month, an increase of 66 $\frac{2}{3}$ per cent. We commenced for the married man with \$52. That has been increased to \$80 a month, an increase of 54 per cent. In that time the cost of living has gone up by 20 per cent.

Mr. McKAY: Mr. Chairman, I should like to say just one word, if I may. As a matter of fact, I feel inclined to commend the government in this particular instance for the work they have done in connection with vocational and university training. I have not made a very complete comparison of the terms in the various countries but I believe ours stand up with the very best of them. But in view of some of the remarks that were made to-night, I feel that I should say the odd word or two in particular with reference to what one of the speakers said to the effect that the old man should have the responsibility of educating the son or the daughter. We all recognize that the old man has many responsibilities and sometimes the old man has not the wherewithal to educate the son or the daughter. I think in a democracy we should recognize the fact that everybody has the right to an education. That is one fundamental thing that we must sooner or later recognize if we have not done so already. I do feel this, that in so far as the veteran is concerned it is a somewhat different situation. These lads in almost every case sacrificed a good many of the years that normally they would have been able to use for attendance at university or in taking a technical school education. That is something that we should keep in mind. There certainly had to be some inducement offered to these lads so they would go back for an educational training. Otherwise they would have been lost to Canada and some very fine talent would have been lost. That was the experience in the first great war and we did not want to have it repeated now. That is one thing I think we should keep in mind.

Then there was some reference made by a previous speaker to the very small income or the very small amount of money that an individual could have and get university training some years ago. I think a good many of us have gone through that mill. We were able, probably 25, 30 or 40 years ago, to get rooms for \$2 or \$2.50 a week. That was my experience. You cannot do that now. I happen to have a son who is getting training under this scheme and he told me that in the city of Saskatoon—and this is not the most expensive city, I do not believe, to live in at that—he had his room and breakfast for \$40 a month. That is the best he could get and he tramped the city to get something better but he could not find anything more suitable than that. He has to get two other meals in the day besides that.

Hon. Mr. MACKENZIE: Where is that?

Mr. McKAY: In Saskatoon, at the University of Saskatchewan. Mind you, he was not complaining. He is thankful he is getting those benefits, and I think a lot of the boys are thankful. I do not think anyone would say they are not thankful. I have talked to scores of them and they realize that it is a great thing. It is a great opportunity. But they are all worried; that is, all the boys at least with whom I have had any conversation. The

case is something like this. They had a gratuity, some of them of \$100, \$200, \$300 or \$400. They get a \$100 clothing allowance and most of them found, as I found when I got out of the air force, that \$100 did not go very far. They have to buy probably another \$100 worth and that makes a considerable hole in the gratuity. They turned around and spent \$40 to \$50 for books. Some set it at \$100. It depends on your course. But I think the average of \$40 or \$50 would cover it pretty well. With all of these factors these boys are going to find it particularly difficult as time goes on. The first year has been pretty well cleared up by now, and some of them have already used up the gratuity; and some of them have not been so fortunate during the summer as to get decent jobs. I know one lad, for instance, who is getting a matter of only \$13 a week. He is not going to save much on that. He is going back to the second year at the university with his gratuity pretty well cleaned out, and he will drag through the year; but at the end of the year he will probably be looking for a job. I am concerned about that. So I should like to support Mr. Green's suggestion—I do not think it is in the form of a motion—that there be something done to increase these benefits, because otherwise we are going to lose these boys who might go on. It is not a matter of doing something for these boys; we are doing something for Canada. And if we lose these boys who otherwise would be able to go on and get that educational training, this country is going to feel it 20 years from now. I think that if we could add another \$10 a month at least for the married veteran and maybe \$5 a month for the single boy it would be appreciated and it might help the situation. I hardly think it is enough but at least it would help.

Mr. PEARKES: I think it would be disappointing if any large number of these lads going to universities had to stop their courses because of financial reasons which prevented them from continuing, but I am wondering whether this is not a question of shifting the responsibility of providing funds directly to the providing of funds to the various universities to look after particular cases. I wonder if the minister could explain a little more fully as to section 5, the amount of money that is likely to be given to the universities. Is it going to be on the basis of the nine financially hard-up students all over Canada or is it going to cover a fairly reasonable percentage of the 800 who have left to go to work? Is it going to look after the amount which we recommended to take care of books, or is it not going to be anything like enough for that? In other words, is it going to be a fairly generous allotment to the universities or is it only going to be a very narrow allotment to look after extreme cases?

Mr. WOODS: It is proposed that there be a limitation of \$500 in the case of the individual student in one term.

Mr. PEARKES: To a university?

Mr. WOODS: Yes.

Mr. PEARKES: \$500 to a university?

Mr. WOODS: Per student.

Mr. PEARKES: Any limit on the number of students?

Mr. WOODS: No, but a total limitation throughout the whole course of \$2,000. The loans would be administered by a committee of the university as lending has been done up to the present, I understand, and it will rest with the university's judgment if they think a case in point is a deserving case. It is proposed to vest that discretion in the matter with them.

Mr. BROOKS: How about security for the loan?

Mr. WOODS: So far as the department is concerned we are making no provision for security.

Mr. QUELCH: What would be the proposal for repayment?

Mr. WOODS: The proposal for repayment would be based on the prospects of the student. That is a matter, too, that will be left to the discretion of the university.

Mr. WRIGHT: Is there a provision for an interest rate on the loan?

Mr. WOODS: 5 per cent when the amount is overdue.

Mr. Mutch: Is it not simply an unsecured personal loan? That is what it amounts to.

Hon. Mr. MACKENZIE: That is what it is.

Mr. GREEN: I should like to move a resolution that the committee repeat the recommendation of our 1945 committee that the rates set forth in parts 2 and 3 of the post-discharge re-establishment order be increased.

Mr. HERRIDGE: Just before the vote is taken I want to say that I have given this subject a great deal of thought, and it has concerned me quite a bit. I have talked to quite a number of university students who have very much the same attitude mentioned by Mr. McKay, but after reading section 5 and listening to the explanation of the deputy minister I think that is reasonably generous assistance in addition to what is being given. I think that it means any student who has spirit can get himself through university. A professional student may owe \$500 or \$1,500 but that is much less than thousands of students in Canada have owed in the past. I think it is a very reasonable proposal.

Mr. WINTERS: Just before the question is put I should like to say one word. I think that all in this committee are just as anxious to give benefits on as generous a scale as we can, but this is one point where I think we have got to give a little more consideration than we have. I do not mean to say that those who have sponsored the idea have not given it full consideration, but this is a group of veterans who have already been dealt with very generously. We say now we have got a big stake in them and costs of living are rising so that we have got to compensate these veterans by increasing the benefits to them. On the other hand, they represent a small percentage of veterans, most of whom are in employment already, many of whom are being employed at fixed incomes, and there is no means of adjusting their salaries to compensate for the same increase in living costs as the increase we are asking for the college student.

I think it was Mr. McKay said that everybody has a right to an education. I agree with that regardless of the form of government, but there is nothing in this legislation that would debar a veteran from the right to seek an education. On the other hand, I know that by far the majority of students with whom I went to school came out with good husky debts, including myself. I know what the lads there had to do for an education. They worked day and night. I have known chaps who did not get to bed one single night in their college careers until four o'clock in the morning, and they got through. That is not an exaggeration. I have seen that.

I feel we are in a very peculiar position here. If you go into the House right now you will find people talking there about how we have got to economize, that we must not go in for expenditure any more. It has got to be cut out all along the line. I think that is true. I think we have got to economize.

Mr. GREEN: Do you not think the veteran is the last man in the country on whom the country should be trying to economize?

Mr. WINTERS: I quite agree with that, but I think when considering veterans overall we are not doing any good for the vast majority of them if we do increase these benefits. Here is one case where veterans already have very generous benefits. I, too, have spoken to many of them, as I presume everybody has. That is not the privilege of any one member. Many of them say they are far better off than they ever expected to be, particularly in the smaller schools

where they are enjoying all these benefits and are well off. Surely if we are going to come to the point where we have got to cut off and economize it would seem this would be a logical place to consider it very carefully. For that reason I feel I cannot support Mr. Green's amendment.

Mr. QUELCH: I think the provisions of this Act are really very generous. This group of veterans are getting a far better deal than any other group. I think the majority of single veterans should be able to manage on \$60. I think the majority of married veterans without children should certainly be able to get on, especially if the wife is working. Section 5 does provide for help to those who cannot manage. I think that those veterans who cannot manage should be prepared to assume the obligation to pay back that loan because after all they are getting every consideration. They are getting a very fine education. If they have to go into debt to the extent of \$1,000 or so they should be prepared to work in the future to pay it back. Take the case of the veteran who wants to set himself up in business. He can only get a loan of \$3,000. That is all he can get. What does the man who takes vocational training get afterwards? Nothing. These boys are getting such a tremendous amount of help that I think they should be prepared to knuckle down and get along with the existing allowances.

Mr. MURCH: Before the question is put I submit that there is one group of veterans whom I think have never been seriously considered in this committee this year. I should like to say a few words on their behalf in support of the arguments that have been made by some members here tonight. It is that great body of veterans of this war who are employed taxpayers, who have had an average gratuity and credit of something less than \$900, and who have no expectation of getting anything else out of it. With the greatest of sympathy and good will in the world I do not see any reason myself why, with the aid which is there, those who are earnest about what they are doing and who are going through to qualify for a profession, and I should think they would be the only ones who would be likely to involve anything approaching the maximum, should not be able to get along. They are not in a serious position if they complete their education with a debt over their heads of less than \$2,000.

Mr. LENNARD: There is just one question I would like to ask the deputy minister. He stated there was an interest charge of 5 per cent on loans, if I understood him correctly, when they were overdue; now, the interest is not collectible until after the date—I wasn't quite clear on it.

Mr. WOODS: 5 per cent interest commences from the January 1st after graduation.

Mr. LENNARD: Oh, I see.

Mr. McKAY: These are strictly personal loans?

Mr. WOODS: Yes.

Mr. McKAY: What security would the bank have?

The CHAIRMAN: The bank do not make the loan. The university notifies them of the amount of the loan and the money is provided.

Mr. SKEY: May I ask the deputy minister if the survey and information available to you now shows whether this problem is sectional or general?

Hon. Mr. MACKENZIE: It is general, all over.

Mr. SKEY: In every university?

Hon. Mr. MACKENZIE: Yes, practically every university in Canada is overcrowded with veterans at the present time.

Mr. SKEY: I mean, their difficulties in meeting the cost of living, is it only in the large centres.

Hon. Mr. MACKENZIE: I think so, yes.

Mr. Woods: It is quite probably that the loan facilities will be utilized in the larger centres rather than the smaller. Some of the smaller colleges charge \$35 a month for room and board. That is fairly general right across the dominion, but a flat rate may be justified in some of the small centres that could not possibly be justified in some of the larger centres.

Mr. SKEY: I have had a number of letters from students in Toronto, I have even had letters from the city council there, and I know that this problem is quite extensive and it does exist there to a considerable degree; and I believe also in the city of Montreal, and I would say to some extent in northern Ontario. Those are the only ones I happen to know. It does affect married men seriously. The married man has great difficulty in obtaining accommodation, particularly if he happens to have children. I want to ask the minister while he is here if we could not consider under section 5 adding some clause which would allow the universities in the larger centres peculiarly affected by crowding and the high cost of living, some discretion, not necessarily in making a loan, but in making a grant to students, small ones. The problem is not general, and I think a regulation should be drawn up which would cover a few of these cases. You could put it in the hands of the universities and give them permission to grant up to say an extra \$150 or \$200 a year to certain married students in necessitous circumstances, in cases where they find genuine hardship. Might I ask the minister while he is here if the government could not give consideration to a recommendation such as that?

Hon. Mr. MACKENZIE: The government would be glad to consider anything coming from such a very appealing and eloquent source, but I cannot commit myself to any definite policy at the moment. I would like for the deputy or General Burns to explain what they have done by way of assisting in accommodation for those married students, as well as what is being done very extensively in cooperation with the defence services, and in cooperation with the much abused War Assets Corporation. Wonderful work has been done I know in the University of British Columbia in transferring hutments down there and putting them on the campus so that now there are quite a number of men students resident right on the campus. At Saskatoon that is being done with the cooperation of the government of Saskatchewan. They are doing a very fine bit of work.

Mr. SKEY: The American universities have set up quonset huts on the campuses to take care of them in that way.

Hon. Mr. MACKENZIE: Yes.

Mr. SKEY: Could we ask General Burns about that?

Mr. GREEN: The students have to pay rent for them?

Hon. Mr. MACKENZIE: Oh, yes.

Mr. BENTLEY: Before General Burns speaks, may I ask if there is any particular body to whom the veteran has to apply for one of these abodes?

Mr. Woods: The loans under section 5 will be administered at the discretion of a committee set up in the university.

Mr. BENTLEY: Your idea would be to make them available to all those showing progress in their studies?

Mr. Woods: That is not a matter for the government at all, that is up to the discretion of the committee.

The CHAIRMAN: Are you ready for questions?

Mr. SKEY: No, we want to hear from the deputy or from General Burns.

The CHAIRMAN: I wonder if we could not let that go over for the moment. We want to get on to section 5. I was trying, as you know, to get this bill through to-night if we can. If you want a statement from General Burns he can give it to you to-morrow morning.

You have heard the motion by Mr. Green; what is your pleasure?

Motion lost.

May we carry clause 3 now?

Carried.

Have you an amendment you were going to suggest to that, General Burns?

The WITNESS: Yes. Mr. Gunn has prepared one.

The CHAIRMAN: Would you lay that before the committee, Mr. Gunn, please.

Mr. GUNN: Mr. Chairman it is proposed to amend clause 3 of this clause by providing a proviso with the following words:—

Provided, however, that in the case of a veteran who prior to such date, commenced a course (in agriculture) and received allowances under section eight or nine aforesaid, the minister may, by regulation, on the application of such veteran and on being satisfied that the veteran commenced such course in the belief that he would be eligible for benefits under the V.L.A. 1942, give such veteran the option of continuing such course or receiving benefits under said Act.

The CHAIRMAN: Will you explain the reason for that, General Burns?

The WITNESS: The committee will recall that on the second of April this question came up about dual benefit under the Veterans' Land Act and university training, and at that time the committee signified the view that this was not originally intended and that an amendment to the legislation would be put through for the exception of men who took courses in agriculture, that university training and benefits under the Veterans' Land Act should not be given to the same veteran. When it became known that this was to be enacted, we received representations from certain veterans who had received advice, when they were planning their rehabilitation, to the effect that they were entitled to university training. Particularly those in the agricultural colleges were so affected, and they were also advised that they would be entitled to benefits under the V.L.A. The representations went on to say that it was felt that substantial injustice might be done to some of these men if they now, having embarked on a course of university training, were to be precluded from benefits under the V.L.A. because they had intended to go to agricultural college and then take up a farm under the V.L.A.

Consequently we felt that this amendment should be introduced providing that the minister have power to consider these cases and give the veteran in question an option of either continuing his full agricultural course or taking up a farm at this time.

Mr. Mutch: Am I correct in my thought that this bill as drafted here is narrower in its application than was the original order in council which was approved or recommended by this committee. I have only my memory to rely on at the moment, that in making this recommendation the committee urged that there be a limitation equivalent to a short term in agriculture. It is my recollection that we limited it in that way to ten months which was the time allotted to the two-year diploma course in most agricultural schools.

As I read it now, it appears to me that the student who goes overseas with one year incompleting of his university course, and who comes back and takes that final year and graduates is precluded from taking a small holding under the V.L.A. If so, it seems to me to be a restriction of the original recommendation.

Mr. Woods: Ninety-two permits it now.

The WITNESS: He can have a diploma course in agriculture.

Mr. MUTCH: But my man might be taking his last year in law.

The WITNESS: If he has already had his last year, then the last amendment introduced is intended to take care of his case.

Mr. MUTCH: I hate to be critical, but it seems to me to be loosely drafted in that respect. I do not see how ninety-two does permit a student, for instance, who is being discharged now and who has a year to go in law or a year to go in medicine. Such a student would be prohibited if he took that.

The WITNESS: It is not intended to allow anybody to take university training except in agriculture and have, as well, the benefits under this bill.

Mr. WOODS: That was recommended in this committee.

The WITNESS: The only exception was for a diploma course in agriculture for vocational training in agriculture.

Mr. GREEN: Where does that proviso fit in again?

The CHAIRMAN: At the end of subsection 3. If a man has ever taken allowances under section 8 or 9 of the Act, then he cannot benefit under the Veterans' Land Act. He might have started a course of university training in agriculture, whereupon he could take both. But, when that right is taken away, he should have the right to elect.

Mr. MUTCH: I do not see why you should shut out the university man. I am concerned about the small holding.

Mr. WOODS: Mr. Murchison won't settle a man unless he has an assured job.

Mr. MUTCH: Surely a graduate in law or a graduate in medicine might conceivably have an assured job.

The CHAIRMAN: This is giving so much more to a little group who would be able to take university courses and the V.L.A. benefit, that it was felt that it was not really what was intended, that one man should be able to go on and take a course in medicine, or a course that might be worth \$4,000 or \$5,000, and then turn around and get \$1,700 under the small holdings. So it was felt he should elect which he would take. Then it was brought up that vocational training courses in agriculture might enable him to make good under the V.L.A., so that was made an exception. Now, if you are going to reintroduce the right to take medicine or law courses, you are right back where you started.

Mr. MUTCH: And not at all. I think I introduced the question at the time the matter was first taken up. You are coming back to the principle that the institutions of this country are run for one group of people, namely, those who desire to farm. I raised the point that it was possible for a man coming back to take a five year course in medicine then extend it to seven years, and then go home and get a small holding. I said I thought that was ridiculous and I still do. Why should we except a man who had completed four years of his university course when he went into the service, and who now wants to come back and complete his course. It would pay such a man to pay for his own educational course and then take up a small holding. There are enough distinctions already, goodness knows, between various types of veterans. Why draw another distinction between a man who completes his professional education, and put a limitation on him of ten months and an agricultural student, because he wants to farm. Every man wants to live in a house. I would say you have gone from one extreme to another and I am against it.

Mr. BROOKS: A man who has got through for a doctor or a lawyer should pay for it.

The CHAIRMAN: Here it is, I found it.

The attention of the committee has been drawn to an anomaly in present legislation whereby a veteran must forfeit his re-establishment credit to take advantage either of educational benefits or benefits under

The Veterans' Land Act, 1942, but can receive university training and still be eligible for assistance under The Veterans' Land Act, 1942. It is therefore, further recommended that the government give consideration to the issuance of an order in council which would render any veteran who has received university training under the Veterans' Rehabilitation Act, other than a short course of not more than ten months' duration in an agricultural college, known as a "diploma" course, ineligible for benefits under The Veterans' Land Act, 1942.

That was what we recommended.

Mr. MUTCH: Then my recollection is wrong and I supported something that I did not believe in before.

Mr. GREEN: It may be that you were not here.

Mr. MUTCH: Oh yes, I was here.

The CHAIRMAN: You can see that if we told people they had a right to take a university course in agriculture,—at least, those are the ones we heard from,—and also benefit under the V.L.A., and they had actually started to take a course, they might say: Had we known, we would have preferred to take this or to take that. So this amendment which has been suggested is to give them the right to re-elect. The only difficulty I see about the thing is that we have only heard about it from the people who started a course in agriculture. But suppose a person started a course in something else. Shouldn't he have the same right to re-elect, too?

Mr. LENNARD: Were they told?

The CHAIRMAN: They probably understood that they had the right to take both. It seems to me that they should have the right to re-elect.

Mr. LENNARD: Was there anything definite? Were they told definitely that they had the right?

Mr. WOODS: I think only by inference. There was nothing in the Act to prevent it.

The CHAIRMAN: We have heard complaints only from agricultural people to date.

Mr. GUNN: We have received no complaints except from agriculture.

The CHAIRMAN: We have got it here. Would you read that amendment?

; provided, however, that in the case of a veteran who prior to such date, commenced a course in agriculture and received allowances under section 8 or 9 aforesaid, the minister may, by regulation, on the application of such veteran and on being satisfied that the veteran commenced such course in the belief that he would be eligible for benefits under the Veterans' Land Act, 1942, give such veteran the option of continuing such course or receiving benefits under said Act.

Mr. QUELCH: The reason is obvious. Any boys who wanted to settle under the Veterans' Land Act and who did not have experience were advised to take a course in agriculture. They were certainly not advised to take a course in law or anything else, but only a course in agriculture.

Mr. MUTCH: The small holding is becoming the tail that wags the dog. It is of great importance to a lot of graduates to get a place to live. They are most interested in that problem.

Mr. QUELCH: The financial benefits they would get from taking a course in the university would be infinitely greater than from a small holding.

Mr. MUTCH: It depends on how much of a course they take. The minister said to-day that 248 men have graduated this year, so apparently they needed only one term. Yet they are ruled out.

The CHAIRMAN: We are embodying in this section what we recommended to be done by order in council and then we are making the proviso that in the case of a person who has actually started a course, thinking he would have both rights, he shall have the right to re-elect.

Mr. MUTCH: Any university course?

The CHAIRMAN: The only ones we have heard of are those in agriculture. Now, I can say this that this is sort of relenting on what was done to the extent of giving those people the right to re-elect. There was some difficulty in getting that accepted.

Mr. MUTCH: It is always possible to do it for agriculturists; the rest of us do not exist.

The CHAIRMAN: This does make this section a little bit less rigid on those who have actually started a course, and those are the only ones we have heard of who have made any complaint.

Mr. MUTCH: That does not surprise me because you hear from them first, last and always with respect to all these things; but, if it were an urban part of this country that proviso which you make now makes the discriminatory legislation even more discriminatory. If you want to take out the words "in agriculture" you have a chance possibly to get somewhere, but as it is it is just adding insult to injury.

Mr. LENNARD: You move an amendment.

Mr. GREEN: Yes, move an amendment and get it over with.

The CHAIRMAN: May we carry this clause with this amendment added?

Carried.

Clause 5. This is the clause whereby the government will provide moneys to universities with which they can make loans to veterans. That has already been explained. Shall it carry?

Mr. GREEN: Not yet. What do you mean by "to meet emergency conditions"?

Mr. WOODS: I think that is a pretty descriptive phrase.

The WITNESS: I was going to say that these so-called hard cases, particularly married students who are unable to get by on the allowances because their wives cannot work and they cannot live with their families and have not any independent means and cannot be helped by relatives—

Mr. GREEN: I think some consideration should be given to taking out that word "emergency", and some other adjective should be used. As I understand the purpose of this it is to enable the men who are unable to get by on the allowance as at present to borrow money from the university. Now, the chances are that in most cases the money will be needed simply to make up living expenses and not for what might be described as an emergency condition. I think that the way the section is drawn now it is too restrictive. It reads:—

The minister may, with the approval of the Governor in Council and subject to regulations;

- (a) provide any university in Canada with moneys whereby and wherefrom the university may make small loans to meet emergency conditions among veterans who are being paid allowances pursuant to sections eight and nine of this Act . . .

I think that should be made broader rather than restricting it to emergency conditions. The condition of a man with \$20 under what he requires to live on per month is not an emergency condition; that is a permanent or a semi-permanent condition, but he may be ruled out because of the word "emergency" in there.

Mr. WOODS: We have taken the view that if a man is faced with terminating his course because he is not getting the money to go through with it, surely that constitutes an emergency as far as he is concerned. That was the most descriptive phrase we could think of. I do not know whether Mr. Green has any other phrase he would rather have, but it has been argued by student bodies and indeed by some members on this committee that a number of veterans were faced with having to give up their courses. It is our judgment that that is an emergency condition as far as the student is concerned.

Mr. GREEN: You could leave in "emergency conditions" because there might be some conditions of that type, such as an operation in the family, but it might be extended to meet the case also of a veteran who needed extra money to enable him to complete his course. Some words to that effect would meet my objection.

The CHAIRMAN: It is not to meet an emergency but to meet emergency conditions among veterans. Now, we are told that the higher cost of housing and so on is an emergency condition; it is due to the present emergency. I again hesitate to have an amendment introduced which might be regarded as carrying the matter far beyond what was agreed to, because it means practically going back to the cabinet and having this whole thing reconsidered. Now, if it is felt that this does meet the situation I wish the committee would not make amendments because it means a hold-up in getting this bill into the House. It says there, Mr. Green, what is it; it does not say it is an emergency, it says it is an emergency condition among veterans who are being paid allowances. Now, that surely means the conditions which have been described and which are increasing the costs of veterans going to universities. Those are the emergency conditions. It seems to me they are not usual conditions.

Mr. MUTCH: Leave the discretion to the university; there is no treasury influence there.

Mr. GREEN: There are going to be regulations drawn. Now, this section specifically provides for regulations, why could not the objection be met by the regulations? Can you make your regulations such that a man can borrow money for his living expenses if he is unable to get along in any other way?

The CHAIRMAN: The very basis of this thing if I may say—

Mr. GREEN: Mind you, I do not agree with this business that married men should be forced to go and borrow money in order to get a university degree, if that is the only way he can prove he is a good citizen and that sort of thing. I think that is a ridiculous argument. But I do suggest that there should be no doubt about it at all that the man can take advantage of this money to pay for his ordinary living conditions.

Mr. MUTCH: Are you going to let a man set his own standard of living as long as his debts do not exceed \$2,000?

Mr. GREEN: No.

Mr. MUTCH: Is not that the result?

Mr. GREEN: I do not think so.

The CHAIRMAN: The idea behind this is that some university students can get along on their allowances, but there are other cases where there are emergency conditions among many veterans because of housing and so on and they cannot get along on the allowance, and the idea is to enable those people to get along in spite of those emergency conditions. Now, the department has indicated what they are intending to do under this legislation. I think you can rely upon it, Mr. Green, that it will be covered by the regulations.

The WITNESS: Perhaps the draft regulations might meet Mr. Green's point:—

...upon the recommendation of the Advisory Committee on University Training for veterans, recoverable advances may be made to Canadian

universities to enable these universities to make repayable loans to able, needy veteran students whose financial responsibilities on behalf of dependents are such that these students would otherwise be unable to continue a training program leading to effective establishment in civil life.

That is the preamble.

Mr. GREEN: Does that mean that they can only be made to married men or men with dependents?

The WITNESS: Yes, to men with dependents.

Mr. GREEN: It is restricted so that the single man cannot even get this loan.

The WITNESS: No.

Mr. GREEN: Unless he has got a dependent. Is that right?

The WITNESS: That was our intention.

The CHAIRMAN: That hardly carries out the purpose of the Act. If there is a single man who met with an emergency, then it seems to me he would be entitled to come along and say that the regulations should provide for his getting one, too.

The WITNESS: We could take out the clause "with dependents" if necessary.

Mr. LENNARD: A single man might have an operation or hospital expenses.

The CHAIRMAN: Yes.

Mr. MUTCH: He could easily have expenses.

Mr. GREEN: The way the section reads now, it rules him out. It certainly should not rule the single man out.

The CHAIRMAN: It is not adopted yet, Mr. Green. I did not myself realize that that was in there. It has not been adopted.

Mr. GREEN: We can have your undertaking that it is not the intention to rule the single man out of the benefits under this loaning section?

The CHAIRMAN: I think you can take it that the regulations will provide for the Act itself being carried out, and the Act itself makes no mention of married or single people.

Mr. GREEN: No.

The CHAIRMAN: Shall that carry?

Carried.

There is one thing I intended to ask you, Mr. Gunn. We have subsection (6) there which reads,

A payment pursuant to the immediately preceding section shall not affect the amount of benefit to which a veteran would otherwise be entitled under the War Service Grants Act, 1944.

Mr. GUNN: That ought to be "subsection".

The CHAIRMAN: With the amendment of "sub" in there, that is carried.

Mr. MUTCH: The "preceding subsection."

The CHAIRMAN: Should not that be the preceding two subsections, because the idea is that the amount taken by the university is not supposed to affect it?

Mr. GUNN: That is a paragraph, not a subsection, of subsection (5).

The CHAIRMAN: That is right. So adding subsection there will cover it.

Mr. MUTCH: That is right.

Carried.

The CHAIRMAN: Clause 6.

Mr. BROOKS: With reference to clause 6, this has to do with the pensioner, I take it. If I remember correctly with regard to the pensioners' allowance, you deduct the amount of his pension from the allowance. Is that correct, General Burns?

The WITNESS: That is not quite so. There is a special schedule drawn up in which it is a graduated reduction.

Mr. BROOKS: We recommended 100 per cent, did we not? We recommended that he would receive up to 100 per cent pension?

The WITNESS: It was recommended that it be considered, I think.

The CHAIRMAN: That was already covered in Mr. Green's motion. Part III is the one that covers that, Mr. Brooks. It is already covered in the motion that was put.

Mr. MUTCH: Carried.

The CHAIRMAN: This provides, as you can see, for a pensioner requiring training resulting from increased disability, so that he can get that training without affecting his re-establishment credit. Is that carried?

Carried.

Clause 7. This gives the cut-off dates which are already in force by the order in council. Section 17A is a re-enactment in statutory form of order in council P.C. 909 of 13th March, 1946, whereby definite "cut-off" dates were set for the earning of allowances or benefits under The Veterans' Rehabilitation Act. The only change occurs in subsection (2) restricting the application of the section to Canadian veterans—subsection (4) providing that the Governor in Council may decide on cut-off dates respecting other persons. So that subsection (2) affects Canadian veterans and subsection (4) provides for the "cut-off" dates in regard to other persons. For greater clarity they were separated.

Some Hon. MEMBERS: Carried.

Mr. GREEN: What is the position of the man who is not yet discharged?

The CHAIRMAN: It is set out there.

Mr. MUTCH: That is subsection (c).

The WITNESS: Section 2, I think; Section 17A (2).

The CHAIRMAN: It is set out really in (a), (b) and (c). Paragraph (c) says if he was serving overseas on 31st of August and remains continuously on the strength of an establishment, unit or ship he shall be entitled to allowances and benefits in respect of all such service. That is, if he is over there and not brought back, he then gets the allowance after 31st of March.

The WITNESS: I think that is for the man who is subsequently accepted and section 17A (2) provides for a man who is going to get out of the service as soon as he can.

Mr. MUTCH: That is up to 30th September, 1947, the case of a man in the interim force who does not know yet whether he is in the permanent forces or not.

The CHAIRMAN: Yes. The one I have just mentioned is the interim force man, the man who is overseas and volunteers for the interim force.

Mr. MUTCH: There are some at home too. It protects them both.

The CHAIRMAN: It is the same cut-off dates, the deputy minister points out to me, as the War Service Grants Act, exactly the same.

Mr. GREEN: In other words, as to a man who is not yet discharged time counts for him up until September, 1947?

The CHAIRMAN: If on the 31st of August, 1945, he volunteered for the interim forces then he gets credit for his service overseas, as I understand it. Then subsection 2 reads:—

(2) A member or former member of the naval, military or air forces of Canada entitled to allowances or benefits under this Act shall be entitled to such allowances or benefits in respect of all of his full-time service as such, if he is not accepted as a member of the permanent naval or military forces or the regular air force of Canada, or is not accepted for service in the naval, military or air forces of Canada for a special period terminating on or after the 30th day of September, one thousand nine hundred and forty seven.

In other words, if he does not volunteer and is kept in the army then he is entitled to the time he spent in the army. If he volunteers for the interim forces and is overseas at the time he volunteers he gets credit for time up until 1947.

Mr. MÜTCH: By that time he will either be in or out.

Mr. GREEN: That is under subsection 2?

The CHAIRMAN: That is under subsection 2 and 1(c). I think that is correct.

Mr. GUNN: I think it is. It is extremely difficult as you will observe, to attempt to put this into simple language. One really has to study the particular case, and the particular part of the section to see whether it is applicable. It is extremely complicated and technical.

Mr. WOODS: But it is precisely the same limitation as applies to earning gratuities and re-establishment credits.

Mr. GUNN: It is, exactly the same, as the deputy minister has already pointed out, as the provisions that were approved by this committee under the War Service Grants Act.

Mr. GREEN: Last year.

Mr. GUNN: No, last week—I think just a short time ago.

The CHAIRMAN: It that carried?

Carried.

The next is clause 17b.

17b. Any veteran who is caused personal injury by accident arising out of or in the course of training with respect to which he is being paid allowances under section seven of this Act and who is not eligible for compensation under the workmen's compensation laws of the province in which the accident occurred shall, while pursuing such training, be deemed to be an employee in the service of His majesty within the meaning and for the purposes of the *Government Employees Compensation Act*, and the Minister, with the approval of the Governor in Council, may determine the amount of direct monthly wage which the veteran shall be deemed to have been receiving at the time of his injury for the purposes of computing compensation.

This provides compensation in the case of a veteran who is killed or injured while taking vocational training. He shall be deemed to have been an employee of His Majesty within the meaning of the *Government Employees Compensation Act* at a wage to be determined by the Governor in Council. That is new and is a protection to the person taking vocational training.

By Mr. Green:

Q. Have you had cases like that?—A. There have only been one or two cases.

Mr. GREEN: It seems a very fair provision.

Mr. WRIGHT: Does that apply to university students as well?

The CHAIRMAN: No, it was felt they could be covered by arranging their insurance.

Mr. MUTCH: Nobody ever broke his arm doing algebra.

Mr. WRIGHT: He might be playing football.

The CHAIRMAN: Again this is what was regarded as fit. It was felt that the people of Canada should not be asked to provide that.

Mr. GREEN: Suppose a boy at a university is injured in a lab.

The CHAIRMAN: That was put up but it was felt that you might have a boy who was not a returned soldier working alongside of one who was and that it was not really proper to protect one in that way and not the other. It was felt that it was a matter for the university and the provincial authorities and the man himself taking university training. Furthermore it was felt it might cover a person injured playing football or baseball.

Mr. GREEN: It could not do that because the words are "arising out of or in the course of training."

The CHAIRMAN: I can say that our department brought up those arguments. They had covered university training and it was felt if they went as far as to cover vocational training that should be satisfactory.

May we carry that?

Carried.

Section 8?

Carried.

Shall I report the bill?

Carried.

Thank you very much, gentlemen. We will meet to-morrow morning at eleven o'clock.

Just a moment, gentlemen. I am told by Mr. Wright that the Hon. Mr. Sturdy, Minister of Reconstruction in the government of Saskatchewan is to be in town to-morrow and would like to appear before the committee to make a further submission. Mr. Jutras, chairman of the subcommittee, has suggested that to save time, and to give the very best possible hearing to Mr. Sturdy that he be heard by the main committee, which I think is a very fair suggestion. So, if you are satisfied, gentlemen, we will first of all hear from Mr. Sturdy to-morrow and perhaps in the light of hearing him directly we will be able to come to a conclusion on the matter of the Veterans' Land Act, or if we do not decide to debate that right away we can go on and take up the question of Mr. Mutch's two reports.

Mr. MUTCH: Not Mr. Mutch's reports, Mr. Chairman; his subcommittee's reports.

The CHAIRMAN: Yes, his committee's reports. So, first of all to-morrow we will hear from Mr. Sturdy, and after that we will take up the reports of the subcommittee of which Mr. Mutch was chairman.

The committee adjourned at 11.05 o'clock p.m. to meet again to-morrow Tuesday, July 16th, 1946, at 11.00 o'clock a.m.

APPENDIX A

NATIONAL COUNCIL OF VETERAN ASSOCIATIONS IN CANADA

OTTAWA, ONT., July 12, 1946.

Captain W. A. TUCKER, M.P.,
Chairman,
Special Committee on Veterans Affairs,
House of Commons,
Ottawa, Ontario.

DEAR CAPTAIN TUCKER.—In reviewing the work and recommendations of your special committee we have noted that no reference to two items, which while involving important principles do not constitute any major expenditures. Item No. 1 *Canadian Pension Act, Section 26, Subsection 2*, which reads as follows:—

If such member of the forces holds the rank of Commander and Captain under three years' seniority (Naval) or Lieutenant-Colonel (Militia) or Wing Commander (Air) he shall be entitled to an addition to his pension not exceeding ninety dollars per annum; if he holds the rank of Lieutenant-Commander (Naval) or Major (Militia) or Squadron Leader (Air) to an addition to his pension not exceeding three hundred and ninety dollars per annum, and if he holds the rank of Lieutenant (Naval) or Captain (Militia) or Flight Lieutenant (Air) to an addition to his pension not exceeding six hundred and fifty dollars per annum.

Our Council with the strongest possible support of the War Amputations of Canada, the Sir Arthur Pearson Association of War Blinded and the Canadian Paraplegic Association urge that the above noted section shall be deleted from the Canadian Pension Act and that Section 26, Subsection 1, be amended to cover *all* ranks. It has always seemed to us most extraordinary that officers above the rank of Lieutenant (Army) or equivalent, who take the full risks of combat action and who suffer the most serious disabilities to the point of being not only one hundred per cent disabled, but in a substantial degree helpless, requiring assistance in the ordinary every day business of living, should be penalized in respect to established rates of pension via helplessness allowance provisions. If there is some quarrel with rates of pension for ranks higher than Lieutenant, then the attack on such rates should affect all and not merely the most seriously disabled combatants. As matters stand it cost an officer of the rank of Captain or above just as much for personal attendance in his state of semi or complete helplessness as it does a Lieutenant or lower rank. With the helplessness allowance restricted in his case he must still secure the attendance and pay out of the pension to which under existing rates he is entitled. To our knowledge there are in the present pension list less than twenty-five officers of both the First and Second Great Wars, principally paraplegics, multiple amputations and war blinded of the Second Great War, who are experiencing the unfortunate limitations imposed by the section in question. We referred to this by implication in our November 5, 1945, submission when we requested an increase in the permissible helplessness allowance rate from \$750 per annum to the more adequate amount of \$1,200 "applicable to all ranks". This has been a subject of protest to the Chairman and members of the Canadian Pension Commission for some years.

Item No. 2. *Workmen's Compensation Payments* (Order in Council 102-3375, May 3, 1944)

On November 5, 1945, page 477, section 11, Minutes and Proceedings on Special Committee on Veterans Affairs, this matter was presented by our Council. On June 1, 1946, a supplementary presentation by our Council again requested action in eliminating the unfortunate restriction of Order in Council 102-3375.

The serviceman who suffers a disability and receives war disability compensation is compensated in effect for loss of capacity in the general labour market without reference to professional crafts or other skills. In order to remove the prejudice of employer and to encourage the employment of war casualties, whose war disabilities are assessed at more than twenty-five per cent under the Canadian Pension Act, the Government since the end of the First Great War has assumed compensation responsibility. In May, 1944, the order in council referred to imposes an over-all limit on the total of war disability compensation and workmen's compensation in such cases to the level of one hundred per cent war disability compensation. Workmen's compensation has regard for professional, craft, of other skills and the average earnings to which the worker has been entitled thereby. Since war disability compensation takes no account of skills while workmen's compensation definitely does give credit, we believe that the attempt to combine these two different bases of compensation, and limit the total to the unskilled basis involved in war disability compensation represents an unfortunate practice with consequent disadvantage to the skilled worker.

Consideration by the Committee and the Government of Canada of the two items set forth above will be most sincerely appreciated by our Council and action at the earliest possible date is regarded as highly desirable.

Yours faithfully,

E. A. BAKER,
Chairman.

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Veterans Affairs, 1946
(SESSION 1946)

(HOUSE OF COMMONS)

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SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 46

TUESDAY, JULY 16, 1946

WITNESSES:

Hon. John H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan;

Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs;

Mr. G. L. C. Johnson, Director of Merchant Seamen.

MINUTES OF PROCEEDINGS

TUESDAY, July 16, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Baker, Bentley, Blair, Brooks, Croll, Drope, Fulton, Gauthier (*Portneuf*), Green, Herridge, Jutras, Kidd, Lennard, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Moore, Pearkes, Quelch, Tremblay, Tucker, Winkler, Winters, Wright.

In attendance: Hon. John H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan; Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs.

On motion of Mr. Fulton, it was ordered that the Chairman bring certain representations made to the Committee on July 4 respecting appointments to the staff of the House to the attention of the Speaker.

The Chairman read a letter dated July 15, 1946, from the Canadian Legion of the B.E.S.L. respecting supervisors in the auxiliary services who saw service in Canada only.

Mr. Jutras took the Chair.

Mr. Sturdy was called, heard and questioned.

Mr. Sturdy tabled Supplemental Bylaws of the Sturgis Farm Co-operative Association, Limited, which are printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Tucker resumed the Chair.

The Chairman submitted the following proposed amendment to The Veterans' Land Act, 1942:

Section three of the said Act is repealed and the following substituted therefor:

"3(1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (hereinafter referred to as "the Director") who shall be responsible to the Minister and be paid such salary as may be fixed by the Governor in Council.

(2) The Minister is charged with the operation of this Act, and in all matters relating to the administration thereof the Director shall be under the direction of the Minister or his lawful deputy."

Paragraph (j) of subsection one of section thirty-seven of the said Act is amended by deleting the word *Director* in the first line thereof and substituting therefor the word *Minister*.

Subsection one A of section thirty-seven of the said Act is amended by deleting the word *Director* in the first line thereof and substituting therefor the word *Minister*.

At 1.00 o'clock p.m., the Committee adjourned until 4.00 o'clock p.m. this day.

AFTERNOON SITTING

The Special Committee on Veterans Affairs resumed at 4.45 o'clock p.m., Mr. D. A. Croll, presiding.

Members present: Messrs. Archibald, Baker, Belzile, Benidickson, Bentley, Brooks, Croll, Gillis, Green, Herridge, Jutras, Lapointe, Lennard, Macdonald (*Halifax*), Merritt, Moore, Mutch, Pearkes, Quelch, Tremblay, Winters, Wright.

In attendance: Hon. John H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan; Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs; Mr. G. L. C. Johnson, Director of Merchant Seamen.

Mr. Jutras took the Chair.

Examination of Mr. Sturdy was concluded.

Mr. Croll resumed the Chair.

The Committee proceeded to consideration of the Second Report of the Subcommittee on the bill respecting civilian war pensions and allowances.

Mr. Johnson was called and questioned.

At 5.25 o'clock p.m., the Committee adjourned until Thursday, July 18, at 11.00 o'clock a.m.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 16, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, as we have a quorum now, we will proceed with the business.

Mr. FULTON: Before the committee proceeds, Mr. Chairman, I have three points of order I should like to raise, and I shall raise them one at a time. I think it will facilitate the work of the committee. The first one is that on June 20th I moved a resolution

That this committee recommends that the Department of Veterans Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation, and pass them on to the War Assets Corporation with the full priority of a department of the dominion government.

That is in the minutes of proceedings on page 1051. There was some further discussion but no vote has ever been taken on that resolution and it therefore still stands before the committee as unfinished business.

The CHAIRMAN: On that point, we will be taking up the Veterans Land Act very shortly. I fancy it will be the next item on our agenda.

Mr. FULTON: That had not to do with the Veterans Land Act. That had to do with the question of War Assets Corporation.

The CHAIRMAN: I think we can take it up right after that; I would think that would be the best time.

Mr. FULTON: All right. The second point was that on Thursday, July 4th, I took up a question involving the employment of veterans in the House of Commons. You were not in the chair on that day. Mr. Croll, the acting chairman, was in the chair, and an investigation and report was promised. I was wondering whether anything had been done; and if so, what is the report.

Mr. CROLL: I saw that it was brought to the attention of the proper authorities. I do not know what report has come forward. It may be a little late, but it will probably be out very shortly.

Mr. FULTON: A report was asked for?

Mr. CROLL: I brought it to the attention of those involved and asked them for their views on it.

Mr. GREEN: I think before the committee finishes its work we should put a little time on that very question. I have another case where a veteran appears to be getting a raw deal right in this House.

Mr. BROOKS: There are a number of them.

Mr. GREEN: I think the committee should take that into consideration.

Mr. CROLL: We will get a report on it.

The CHAIRMAN: What I had in mind was this. I think the steering committee authorized this, as a matter of fact; and anyway, I think we all understood we would deal first with the actual items of legislation that we would be recommending in order to get them into the House and that as to these

other matters, such as this one just mentioned now, we would deal with them after we got the legislation disposed of. I am sorry that I will have to be away during the rest of this week; but if it is necessary I suppose the steering committee could meet before Monday next and line up the balance of the program, once we have got the legislation disposed of. This is Tuesday. I thought after we heard from Mr. Sturdy this morning we could take up the recommendation of Mr. Mutch's subcommittee, deal with it, and make whatever recommendations the committee wanted to make on that. A bill will arise out of that. I thought we could also take up the recommendations in regard to the other groups, and then after that the Veterans Land Act. We have recommended to the House the draft bill; but anything that arises out of the suggestion made in the committee the other day that there should be further changes made in the Veterans Land Act, and anything that might arise out of the submission of Mr. Surdy, will be dealt with then. That I think pretty well completes our legislative program. Then we could take up these other items right after that.

Mr. FULTON: Yes. On the point of order, the second matter I mentioned,—that is employment in the House—was raised under the Reinstatement in Civil Employment Act. I felt it perhaps should be disposed of inasmuch as that Act itself is being reported to the House. That is why I raised that now.

The CHAIRMAN: I see.

Mr. FULTON: However, if we have the assurance that it is before the proper authorities and a report will be made, that will be satisfactory.

The CHAIRMAN: Yes. It could be brought to their attention that the matter has been raised again, so that they will know that we are interested in having a report from them. You can do that, Mr. Croll?

Mr. CROLL: Yes.

Mr. FULTON: The third point is taken care of by your statement, Mr. Chairman, that the Veterans Land Act will be reconsidered, because it involved the Veterans Land Act.

Mr. CROLL: Mr. Chairman, may I raise a point here and I raise it now because you say we will be dealing with the Veterans Land Act. I have a letter this morning from the Canadian Association of Real Estate Boards in which they point out as follows:—

On page 1022 of the proceedings, Mr. Murchison is quoted as follows:—

Up to the present time I have received no proposal, and as far as I am concerned, Mr. Minister, the real estate profession have not made any proposal to the government. That is all I can say on it. I do not think it is a matter for the administration to go to the real estate profession all over Canada to negotiate a basis.

You will recall that there was a resolution here to allow the real estate men to participate. The writer then says this:—

Enclosed herewith is a copy of a letter sent to the Hon. Ian Mackenzie on January 25, as a result of which Mr. E. N. Rhodes, of Ottawa, and myself, met Mr. Mackenzie and Mr. Murchison in February, 1945, at Mr. Mackenzie's office.

Mr. GREEN: Was that 1945 or 1946?

Mr. CROLL: 1945, he says. continuing:

At that time we submitted a definite plan, a copy of which is also enclosed. Mr. Murchison definitely promised he would consider the plan and communicate with me. Mr. Mackenzie was particularly interested in our suggestion of a small committee of real estate men to work on this matter. That is the last we heard upon the subject. Mr. Murchison has not at any time since that meeting communicated with me.

What I think happened is that it was probably lost and he forgot about it. But in view of his statement that there was no proposal and consequently there was not a great deal to come before the committee, my suggestion is that it be brought to the attention of Mr. Murchison, so that when we deal with the Veterans Land Act again we can then discuss it in the light of the knowledge we have at the present time and in the light of the proposals made by the real estate boards.

The CHAIRMAN: As a matter of fact, Mr. Croll, I think what Mr. Murchison had in mind was that when they were before the committee here, some of the members asked them if they were ready to make some specific concessions in regard to work done for veterans. I think what Mr. Murchison had in mind there was that they had not responded in any way to that suggestion. That was my understanding of it.

Mr. CROLL: Well, that may be.

The CHAIRMAN: Of course, we have voted on that question.

Mr. CROLL: Yes, of course we voted. As a matter of fact I would not have brought it up again except that this man obviously appears to feel that his proposal was not brought before the committee and I think it should be clear on the record before the committee. If the committee decides otherwise, that is another matter. I am sure when we were discussing it the other day the committee probably, as I was, was a little hazy as to what the proposal was. Now we will lay it before the committee and if they decide they will not deal with it that is for the committee to say. I would not have asked to re-open it except that this letter came to me and it seemed to me to be an obvious contradiction.

The CHAIRMAN: I should think when they sent a delegation such as they did down here and made an actual personal presentation, that would supersede and discussion with the minister or anything like that; I should think that would actually constitute their concrete proposal. At that time they were asked to give definite proposals of what they were willing to do if they were permitted to enter this field. That is what Mr. Murchison had in mind. I understand from your letter that that meeting in the minister's office was in 1945.

Mr. CROLL: That is right.

The CHAIRMAN: Before they ever appeared before this committee. Surely they do not suggest that this committee should have considered something that they presented to the minister a year before, when they had a big delegation here to present their case.

Mr. CROLL: No, to Mr. Murchison.

The CHAIRMAN: I mean to Mr. Murchison over a year ago, when they had a delegation here to present their whole case to this committee and they were asked for concrete proposals at that time. That is, I am sure, what Mr. Murchison had in mind.

Mr. LENNARD: Mr. Chairman, I do not quite agree with Mr. Croll in saying that the letter was lost. I think it was deliberately sidetracked because Mr. Murchison is certainly not in favour of making any concession towards the Canadian real estate men. That is very evident.

The CHAIRMAN: In fairness to him, may I say that has been the policy as laid down in the Act of Parliament ever since this Act has been in force; and that policy is one that he, as a civil servant, has to enforce.

Mr. LENNARD: And probably had a great deal to do with framing.

The CHAIRMAN: Oh, no, no. That was put into the Act away back in 1922 or something like that. So, as a matter of fact, what I should suggest is that this be brought to Mr. Murchison's attention; he will be back here at the end of the week and he can make whatever explanation he wishes to correct it. But just for the sake of fairness, I am trying to recall just what happened.

Just before I call on Hon. Mr. Sturdy, Minister of Reconstruction in the Saskatchewan government, I have a letter which I think I should put on the record for the information of the committee. It is from the Canadian Legion and signed by Mr. Herwig. It is dated July 15, 1946, is addressed to myself and reads as follows:—

While the civilian war pensions bill is under consideration we felt that consideration should be given to the comparatively few auxiliary services supervisors who suffered injury or ill health in the course of their duties while serving in the armed forces in various camps throughout Canada. I know that Canadian Legion War Services has one or two individual cases where permanent disability exists, for which there is no provision of any kind.

I do not know whether the subcommittee gave consideration to this group. It should be pointed out that they received no gratuity or retiring allowance, and were not entitled to compensation or assistance of any kind when for health reasons they were released. This group of war workers, carrying on under military discipline, would appear to be as worthy of consideration as other groups considered by the committee.

I thought that should be before the committee so that they may bear that in mind in considering these other groups which are going to come before us.

Mr. GREEN: Those are the auxiliary supervisors in Canada?

The CHAIRMAN: Those who served only in Canada.

Mr. MUTCH: Those who served in Canada only?

The CHAIRMAN: Yes.

Mr. MUTCH: I think perhaps, Mr. Chairman, it might be in order to mention that there is one other group.

Mr. LENNARD: Louder.

Mr. MUTCH: There is one other group which has not been considered in any way in connection with the legislation which is involved in the two reports. That is the group of Canadian war correspondents. When we come to speak about the report of the committee I shall introduce at least one aspect of the legislation which I think the committee might consider with respect to them.

Mr. BROOKS: Have they made any representations?

Mr. MUTCH: Not to my knowledge.

Mr. BLAIR: How many of them are there?

Mr. CROLL: Twenty or thirty.

Mr. MUTCH: There are about 20 or 30 of them. There were two casualties only, as far as I know. I had in mind, I might say, specifically the question of adjustment of income tax; and that is the proposal which I shall make to the committee in due course.

Mr. QUELCH: What provision is made for the casualties amongst them?

Mr. MUTCH: None.

The CHAIRMAN: As a matter of fact I think we should defer this discussion until we have heard from Mr. Sturdy. Then we will start discussing Mr. Mutch's report and we can take all of this into consideration then.

Mr. Sturdy would you come forward now, and make your further presentation? Where is the chairman of the subcommittee, Mr. Jutras? You had better

come here, Mr. Jutras, because it is really a presentation to your subcommittee in the presence of the main committee. So I would ask you to come and continue your work of handling this matter.

(Mr. Jutras took the chair.)

Mr. TUCKER: You can introduce Mr. Sturdy, Mr. Jutras.

The ACTING CHAIRMAN: As chairman of the subcommittee I felt we would save time if we called Mr. Sturdy in the main committee, due to the fact that it takes usually from 4 to 6 days to get the minutes printed. If we had heard Mr. Sturdy in the subcommittee this morning, we would have had to wait until the end of the week or so before we could hold our subcommittee meeting. I know that members are very anxious to hear Mr. Sturdy; and then we would have it and we could go on from there with our subcommittee meetings. Furthermore, if there is anybody in the committee who wishes to ask any questions and get points clarified on the new proposal of Mr. Sturdy, they are most welcome. Mr. Sturdy, as you know, is Minister of Reconstruction in the present Saskatchewan government and as such I think is pretty well known to all members. So I will ask Mr. Sturdy to carry on.

Hon. J. H. Sturdy, Minister of Reconstruction, Province of Saskatchewan, called.

The WITNESS: Mr. Chairman and gentlemen, I do welcome this opportunity and express my appreciation for the privilege of appearing first before the subcommittee and now before the main committee on a matter that is of very considerable interest to the returned men of the province of Saskatchewan. With your permission I should like to review what has been done by the Saskatchewan government in the present year, not for the reason of drawing any comparisons but for the purpose of giving you some idea as to our good faith, our sense of responsibility in sharing with the federal government the responsibility of successfully rehabilitating returned men. We do consider that rehabilitation is the responsibility of the federal government, of the provincial government and also of local communities. I wish to assure you that we are prepared in every field of re-establishment to do everything possible to bring about the successful rehabilitation of the seventy-some-thousand men and women who enlisted from the province of Saskatchewan. I am going to limit my remarks, of course, to our land policy. Ours is primarily an agricultural province, and for that reason farming plays a very considerable part in the rehabilitation of our returned men. We consummated an agreement with the federal government providing for a grant of \$2,320 to returned men settling on provincial lands. We were requested by interested organizations, and particularly by the parents of returned men, not to allocate the thousand or more parcels of land which we had for allocation until such time as the great majority of the men who were overseas, many of whom had long overseas service, had returned to the province. For this reason we did not commence the allocation of provincial lands until 25th February; and thereafter we allocated some 800 farm units, practically all of which are economic farm units of such a size and whose soil is of such a quality as to guarantee to the settler a fair chance of making a success on the particular unit on which he settled. Seven hundred and sixty-four of these farm units were allocated in time for the 1946 crop season. As soon as the allocation was made the veteran was notified by telegram and he proceeded with the work on the farm. I may say that agreements have already been entered into and completed with the majority of these 800 who have been settled on provincial crown lands to date. There has been some delay in the granting of the \$2,320,

but that is understandable; and the settlers, although they would like to secure this grant as soon as possible to enable them to purchase the stock and equipment and provide for the improvements necessary, nevertheless have not made undue criticism of the delay in the grants being made. As I have said, some 800 returned men are located on the lands this year and I will be disappointed if the gross revenue from the lands allocated in this present year does not exceed \$1,000,000.

I think you will be interested in learning something about our method of allocation. Some 15 committees have been operating in the allocation of lands, and these committees are for the most part returned men with agricultural experience. In general a local man is selected from the community in which the land is being allocated, and land has been allocated without fear or favour and without any consideration other than that outlined in a chart agreed on by returned men's organizations. Now, this chart was the basis of allocation, and 30 marks or points out of 100 are given for service. Of course, it is weighted in favour of overseas service. Fifteen points are allowed for economic need. If, of course, a man has another profession or has a very considerable estate of his own he will not receive any of these 15 marks which have been allocated for economic need. Fifteen marks are granted for dependents: 5 for the wife and 5 for each child. Five marks are allowed for proximity to the land: if he is located near the land that is being granted he receives a maximum of 5 points. The idea is that he will secure assistance from relatives—particularly assistance with farm machinery. Five marks are allotted for residence in the district over a term of years. We feel that a man who has been born and brought up in that district who is familiar with the customs of that district, who is well known to the people, that his chance of making a success and adapting himself to the district are greater. There are 30 other points which bring into consideration such matters as efficiency as a farmer, his probability of success, his personality and so on, making a total of 100 points. It is on the basis of this chart that the allocation of Crown lands in our province has been made.

We find in our province there are only between 1,100 and 1,200 economic farm units immediately available for settlement, and they are all we can hope to settle this present year; but we have 4,286 applications for provincial lands which means that we shall have to find over 3,000 parcels of land elsewhere if we are to meet the demand of our returned men for farms. This brings up, of course, the necessity of opening up pioneer lands in the province, a question which I shall deal with presently.

Mr. Chairman, I would like to present, and I should like the committee to consider the two main proposals which I have to make this morning. The first proposal is that of pooling grants in multiples of \$2,320, and to my mind—I may be wrong—this may be done without an amendment to the Veterans' Land Act. The second proposal: the purchase of land for co-operative farms by V.L.A. up to a maximum of \$6,000 per settler as allowed under the Veterans' Land Act.

With your permission, Mr. Chairman, I should like to deal specifically with the first proposal and answer any questions which the members may wish to ask respecting that; and then I should like to deal with the second proposal.

Dealing first, then, with the pooling of grants in multiples of \$2,320, I think I can best illustrate this by citing one veterans' co-operative farm which has already been set up, known as the Matador Co-operative Farm. We have had a great number of inquiries from returned men concerning co-operative farms. It is pretty difficult to assign any particular reason for this except that Saskatchewan is a very co-operatively-minded province and co-operatives both of the producer and consumer type have developed intensively there. Also I think that their interest in co-operatives has been due in part to their experience in the

armed services where they were taught and experienced co-operation in their training and on the field of battle, and it seems to be their desire to carry their co-operative experiences in the service into their civil life and experience.

We limited our first co-operative school to 25 or 26; we brought them in for a week. They were taught co-operation experience, co-operation organization, co-operation philosophy and so on. Immediately after the school was over the boys requested that they be given the opportunity of going out on the Matador, which is an area of land of excellent quality, comprising some 18 sections. They wanted to work together for a period of a month or two in order to find out if they could co-operate and if they liked this particular method of farming. We paid them at the rate of \$4 a day for a period of a couple of months. Seventeen of them went out to the farm and there they set up their co-operative organization. I was out there about three weeks ago and after a period of two months they had some 1,400 acres of raw prairie brought under cultivation. They are operating it with tractors. There had been 365 acres of that land worked down and sown to flax, which was showing excellently at that time. During the intervening three weeks approximately 2,000 acres have been broken up and a great part of it worked down. They have set up five family homes and a dormitory for the single men. They have made an excellent showing and they are highly delighted with the progress that has been made so far. I think I could best explain their feeling to the committee with respect to the co-operative if I read a letter which I received and forwarded to the chairman of the main committee:—

KYLE, SASKATCHEWAN,

June 28, 1946.

The Chairman,
Special Committee on
Veterans Affairs,
House of Commons,
Ottawa.

DEAR SIR,—During our years of military training and action we were taught to work together in order to achieve maximum efficiency of effort. This was a military necessity at the time but it also made us accustomed to group action in other fields both to maintain this efficiency and to continued the comradeship which we enjoyed while in the services.

We are interested in agriculture and believe it provides the widest scope for individual initiative and freedom so we have decided to become re-established in farming as a vocation. In view of the efficiency of the large farm unit it seemed necessary and advisable to pool our funds and work to ensure the greater efficiency which results from large scale operations as compared to trying to become established on a small farm, individually owned and operated. In pooling our resources in the hope of achieving larger incomes and more stability we considered that a sufficiently large group, working together, would enable us to specialize in various directions thus giving scope to individual initiative even though our activities as a group were co-ordinated. This specialization would also result in better quality of products produced which would increase our incomes accordingly. In addition to the increased efficiency which might be expected of the larger unit we felt that by joining our forces we would be in a better position to provide ourselves with educational facilities and social amenities which are desirable for rural life but often so difficult to achieve in communities consisting of scattered homesteads.

Our main purpose is, however, economic, namely that of becoming self-contained agriculturists as soon as possible. We believe that in pooling our individual grants in a co-operative farming enterprise we can, by

working together and with sound management, overcome many of the disadvantages which beset the young farmer struggling to become established under conditions which now prevail, with relatively high costs of farm machinery, building materials and livestock. Higher income and greater security for the individual is our aim.

After what we have gone through as soldiers we want to become established as quickly as possible with a reasonable standard of living and have voluntarily decided that we can help ourselves achieve this by using the co-operative method.

To demonstrate what can be accomplished in this regard our group has, in two months, broken 1,400 acres of raw land, worked down and seeded 365 acres of flax, purchased an accommodation building from an airport 42 miles away, part of which we sawed into sections and moved to our building site near Matador, and part of which we dismantled to provide other necessary building materials. Thus, we now have four cottages in livable conditions and are constructing the dormitory for the single men in our camp. Very little of this development would have been accomplished in this short period if we had been working as individuals. Plans are also being made at this early date to procure an electric lighting plant which will provide power for our co-operative community, as well as for any other services which we can procure that would be economic for our group of twenty veterans and their families.

However, further development will be possible only if we are allowed to pool the full amount of our grants and consider them as a charge against the entire assets of the co-operative for the first ten years rather than as a charge against individual items on our farm. We are quite willing to make whatever agreement is necessary with the Department of Veterans' Affairs and with our individual members to ensure the security of the member's equity as well as his grant through the Veterans' Land Act and which, at the same time, will make it possible to operate this cooperative farming enterprise which we regard as so important in enabling us to become established as agriculturists.

That pretty well outlines the experience of these seventeen men and I wish to emphasize this point, that these men, like Cromwell's soldiers, "know what they are fighting for and they love what they know." I have a mandate from them to this effect that they are prepared to forego a federal grant if it in any way jeopardizes the success of their particular cooperative farm.

Now, I think I have an appreciation of what you gentlemen have in mind. You wish to safeguard the interests of the soldier settler himself and you wish also to safeguard any investment made by the federal government. We are prepared to meet you on both grounds. Let us take first the safeguarding of the equity of the settler who may withdraw from the cooperative farm or who may be expelled—naturally we are concerned with his security, and the guarantee of his equity—I am absolutely convinced, and no doubt you are too, that it would be an act of providence indeed if 100 per cent of all the chaps who go on cooperative farms in the future would be expected to make a success of it, but I do not think that the individual settler who withdraws or who is expelled from the cooperative should jeopardize the success of that cooperative. One reads a great deal in the newspapers nowadays, and no doubt you gentlemen have expressed your opinion concerning the power of veto of an individual nation in the United Nations Organization as an example. If we can safeguard the equity of that individual who may withdraw from the farm or be expelled from the farm I think we will have met your request or desire in the matter.

Our proposals are quite clear. The member who withdraws or who is dismissed by the cooperative will have—probably I had better deal with this

in the following order: in order to safeguard the Veterans' Land Act grants we propose that the \$2,320 and multiples thereof be a charge against all the lands and assets of the farm, and not against the individual. I see in Mr. Murchison's proposals that he proposes that the individual cooperator enter into an agreement with the provincial government taking over a specific parcel of land. In the case of the Matador, it is three-quarters of a section; that is the basis under which land has been allocated there. Now, if the cooperator who withdraws from the land takes that land with him then that cooperative is destroyed or at least it stands in jeopardy, and we are averse to that proposal. We propose that the grant of \$2,320 and multiples of it be a charge against the lands and assets of the cooperative; and that the cooperative, with the guarantee of the province, will pay to the Veterans' Land Act the present value of the grant in the event a member of the cooperative withdraws or is dismissed. Now, in lieu of payment of the grant the Veterans' Land Act will agree to permit a qualified veteran to replace the member within one year of withdrawal. It is surprising the number of applications that we have from men who wish to go on cooperative farms. We will have no difficulty in replacing men who may withdraw from the cooperative or who may be dismissed. Of course, it will be up to the cooperative itself to decide whether they accept an individual into their cooperative farm.

Now, the member who withdraws or who has been dismissed from the cooperative will have his entitlement under V.L.A. restored; his equity on dismissal would be payable immediately while his equity on withdrawal would be subject to agreement with the cooperative. If a man is dismissed we propose that his entitlement under V.L.A. be restored immediately. Also during the intervening years from the time he joined the cooperative until he leaves it the assets of that cooperative farm have increased and his equity also has increased and he will be paid out his equity immediately if dismissed and within a period agreed on with the cooperative itself if he voluntarily leaves the cooperative. An assessment committee of the cooperative would determine the equity and in case of dispute the matter would be referred to an arbitration board comprising one member selected by each of the following: the cooperative, the member who withdraws or is dismissed, the province, the Veterans' Land Act, and the fifth member to be agreed on by the above mentioned. Firstly, the cooperator who leaves the farm will have his entitlement under V.L.A. unimpaired.

Secondly, if through his efforts he has contributed to the increase in the assets of the farm he will be entitled to payment of the amount of that equity, and that will be decided by a competent committee and it will also be provided for in the terms of the by-laws of the cooperative.

By Mr. Croll:

Q. Not only will he be entitled but you will see that he is paid?—A. Yes, that is the provincial government guarantee.

Mr. QUELCH: He gets the 10 per cent immediately that he withdraws, the 10 per cent he pays himself.

Mr. CROLL: He gets everything, and the government assures us that he will be paid all that is due to him.

Mr. QUELCH: He was entitled to \$2,320, but he has made a cash payment himself; does he get that back?

The WITNESS: Let us be entirely clear on the \$2,320. That is the contribution made by the federal government and when the co-operator withdraws or is dismissed we propose that the V.L.A. restore to him his full entitlement; but his original \$2,320 or its present value has remained in the co-operative farm and that will be taken over within a year by another member entering the co-opera-

tive. If it is not taken over by another returned man entering the co-operative the co-operative will pay to V.L.A. the present value. The co-operative will pay to V.L.A. with our guarantee the present value of that \$2,320.

Mr. CROLL: No less than \$2,320.

The WITNESS: Well, let me go further in this matter. In the case of equipment, \$1,200 may be expended on that item. The value of that equipment after four or five years would be less than \$1,200. So I am assuming that the present value of the \$2,320 grant, say after a period of five years, will not be \$2,320; but do not confuse that with another consideration, and that is the man's equity. He has worked in that co-operative, and if the assets of that co-operative increase, say by \$20,000 during his period as a member of that co-operative, and there are ten members in that co-operative, his equity will be \$2,000.

Mr. CROLL: Suppose it decreased by \$10,000.

Mr. WRIGHT: How could it decrease when the land is not granted?

Mr. CROLL: Just a minute. I have asked a question.

The WITNESS: In this case, and in all cases with which I am dealing, the land is under lease to the co-operative. The members of the co-operative did not pay anything for the land. Therefore they start at scratch as far as that is concerned. When they bring that land under cultivation and they put buildings on it and improve it in other ways, then those assets must of necessity increase the value. Is that clear?

Mr. CROLL: I quite see that. I just asked the question what would happen in the event that it did not increase—in the event that they had some difficulties, that they had bad markets. What would happen in that case?

The WITNESS: Well, that could conceivably happen if the land was purchased by the co-operatives; but in this case it is under lease to them.

By Mr. Green:

Q. They never get title to it?—A. Oh, yes. In the agreement they have the option to purchase; that is, the co-operative has the option to purchase at the end of 10 years and the purchase price to the co-operative will be determined by the productive experience of the land in that particular area of the province.

By Mr. Mutch:

Q. Excuse me, but I should like to ask a question there. Does that mean that the most efficient group would necessarily pay the most for their land?—A. Not necessarily. That is why we say that the purchase price of that land will be determined by the value of the land in that area. This particular co-operative is located in the Elrose area. Land in the Elrose area has a certain value which varies from time to time as it is inflated by war or as it runs into crop failures, depressions and so on.

By Mr. Brooks:

Q. That is the price of the land before there were any improvements made to it?—A. That is right.

Q. That is not after the 10 year period?—A. Quite true.

By Mr. Quelch:

Q. The Veterans Land Act provides that the veteran shall put up 10 per cent himself. Is it intended that under this scheme the veteran will also put up a certain amount of cash himself; and if so, how much?—A. In this particular case, this grant of \$2,320 does not require any amount to be put up by the settler.

By Mr. Fulton:

Q. Does the government put that up? Is that your intention? Does the government put that up or how do you square with the Veterans Land Act at the present time?—A. I am afraid I do not understand your question.

Q. As Mr. Quelch has said, at the present time before the veteran can obtain possession of a piece of property or get any assistance under the Veterans Land Act, he is required to put up 10 per cent.

The ACTING CHAIRMAN: Not on provincial crown lands.

The WITNESS: Not on crown lands.

Mr. GREEN: This is an agreement with the province?

The WITNESS: The 10 per cent is payable only in the event of purchase.

By the Acting Chairman:

Q. Do you make any distinction between withdrawal and dismissal?—

A. Yes, we do. In the case of dismissal, the man would be entitled to his equity immediately. In the case of voluntary withdrawal by agreement, it will be provided for in the terms of the agreement with the cooperative.

By Mr. Brooks:

Q. You speak about dismissal. Who would be responsible for dismissing a man?—A. Well, this cooperative is democratic if anything, and the members of the cooperative would decide themselves, not by majority vote but by 75 per cent.

By Mr. Quelch:

Q. You state that the equity will be given back to him within a period of 1 year, that is if he withdraws. But in order to benefit under the Veterans Land Act and take a piece of land he would immediately have to pay down 10 per cent. Would it be possible to make an amount equal to 10 per cent available to him within a less period, than a year?—A. He has never contributed 10 per cent. As a matter of fact, he enters the cooperative without contributing anything. That is so with respect to settlement on all crown lands. He is not required to put up 10 per cent. As a matter of fact, he does not put up anything.

By the Acting Chairman:

Q. We are dealing now exclusively with crown lands?—A. With crown lands under lease agreement, not with purchased lands.

By Mr. Croll:

Q. This scheme is directed to crown lands?—A. Absolutely.

Q. This scheme is entirely directed to that.

Mr. MUTCH: At this point.

Mr. CROLL: At all points.

By Mr. Quelch:

Q. He would be free to sell any furnishings he might have in a home? He would be free to take those with him?—A. Yes. Those are entirely his. I should like to point out how serious this matter is as far as we are concerned. We have, as I have mentioned, 4,280 applications for crown lands and we can only settle some 1,200 at a maximum. This necessitates our opening up pioneer lands in the northern part of the province. We have east of the Carrot River excellent farm lands that have been soil surveyed by experts, in extent approximately a quarter of a million acres. We feel, if we are going to settle these

men, put additional men on the land, that it can best be done on a cooperative basis, particularly in that pioneer bush area where the land has to be cleared and brought under cultivation.

By Mr. Brooks:

Q. If a man did not wish to go into a cooperative, would he receive the same consideration as a man who does wish to enter a cooperative?—A. Well, already we have settled 800.

Q. Yes.—A. On individual farm units. But dealing now with the pioneer areas of our province, we have had a bad experience in Saskatchewan—and no doubt other provinces have had similar experience, after the 1st Great war—we put men into the bush country with primitive tools for land clearance and expected them to carve out farmsteads for themselves and make a success of it. The handicap was too great. It certainly has been in so far as Saskatchewan is concerned, at any rate.

By Mr. Croll:

Q. If we should agree to your proposal, Mr. Sturdy, what can you do right away in settling the other 3,000 you have available for you?—A. Already we have assembled a considerable amount of land clearance equipment—brush cutters and so on, and are starting in on land clearance, this present month. This will be a long term land clearance program that will extend over 3, 4 or 5 years. But we are determined that no man will go in on a bush farm unless a minimum of 80 acres out of each 160 acres settled is cleared and ready for cultivation.

Q. What does that mean in the way of numbers, approximately?—A. Our maximum with respect to the particular area of which I speak, is 250,000 acres. On the basis of 250 acres per settler, that would provide for an additional 1,000 men.

By Mr. Adamson:

Q. Mr. Sturdy, I notice that you limit your cooperative, or you suggest that it should be three-quarters of a section. Could you tell the committee any reason why you choose three-quarters of a section? Could you say whether in the pioneer area that should be increased or decreased?—A. Our land policy has in mind settling men on economic farm units. In certain areas in Saskatchewan where we have excellent soil and bountiful rainfall, a half-section is considered an economic farm unit. In other places the land may also be good but the rainfall may be deficient, and we may increase the amount of land to three-quarters of a section. In other places where the land is marginal and is required as a stock proposition, the amount may be a section or more. In the area around Melfort and Carrot River, which is possibly the best in the province, 240 acres is considered an economic unit. That is the reason why we have different sizes of farms.

Q. In the bush area would the size be larger or smaller?—A. It would be the same. It would be 240 acres.

By Mr. Baker:

Q. Mr. Sturdy, why do you insist on waiting for 10 years before the people may own the property if they have the money to pay for it?—A. I might ask the Veterans Land Act why they decided to wait 10 years before their equity in this grant of \$2,320 disappears. Under V.L.A. the federal government retains an interest in their grant of \$2,320 for a period of 10 years. It was that which

determined us to set the period of 10 years as the time in which the settler could exercise his option to purchase the land. Does that explain it?

Q. Yes.

By Mr. Mutch:

Q. Mr. Sturdy, have you any idea what percentage of the backlog of the 3,000 applicants you have would be willing to enter into a communal life such as you have described?—A. That is very difficult to answer. I would hazard a guess that one-third of them probably would be prepared to.

Q. That represents a terrific change.

Mr. QUELCH: Mr. Chairman, would Mr. Sturdy prefer to go on with his presentation or to answer questions at this point? I should like to ask one or two questions.

The WITNESS: I have mentioned the fact, Mr. Chairman, that this matter is of vital concern to us because we intend to open up this new land for further settlement. If the province has to undertake to put in roads in this pioneer area every mile north and south and two miles east and west, if it has to provide isolated schools, hospitalization and other services for isolated farms, then our problem is going to be much more serious and, as a matter of fact, I doubt whether we could undertake the expense of opening that country for returned men settlement. But if the number of roads are limited, as they would be in a cooperative farm settlement, the situation would be different. Educational facilities would be concentrated, and hospitalization, medical services and the other services that people expect in this day and age are much more easily and much more cheaply provided under a cooperative set-up than they are under an isolated farm unit set-up.

By Mr. Green:

Q. You have control of what particular land can be taken up by those settlers, have you not?—A. Yes.

Q. Whether it is under a cooperative scheme or otherwise?—A. Yes.

Q. And you can restrict the settlement to certain areas so that you could get away from this extra expense caused by men spreading out too far, under your present powers, could you not?—A. The economic problem of opening up bush lands on the isolated farm basis is tremendous. As a matter of fact, we are convinced that it can be done more cheaply and give the men a greater degree of security and more amenities of life, under a cooperative set-up than under the isolated farm method.

Q. Even though, if the isolated farm method was adopted, you could say into which district a man should go?—A. Oh, yes, that is so.

Q. Have you any provincial government scheme for clearing this new land?—A. As I mentioned, we have already assembled a considerable amount of equipment that is being sent into that area to commence land clearance this month. It will be a long term proposition and will not be completed for a period of from 3 to 5 years.

Q. Is that done by the government or are you planning to have that done by these men organized into a cooperative?—A. No. It is being done by the government.

By Mr. Adamson:

Q. Mr. Sturdy, is the land you are speaking of overlying what is known as the Canadian shield? I am not quite sure geologically where the boundary of the Canadian shield runs through Saskatchewan and how far south it goes. But is that bush land you are speaking of overlying the Canadian shield?—A. No.

Q. It is south of that?—A. It is considerably south of the precambrian shield.

Q. Because you are familiar with what they are doing in Quebec in opening up their northern areas.—A. Yes.

Q. In conjunction with the new mining districts.—A. There are some good farm areas in the precambrian shield, Cumberland is an example which is located within the precambrian shield. They constitute excellent farm lands but they are so far from the settled area that transportation problems are so considerable that it will be some time before those areas are opened.

Q. Because we found in Quebec that mining and agriculture goes hand in hand and they are complementary to development.—A. Yes.

Q. I was wondering whether you had the same in Saskatchewan?—A. We have considerable development in co-operative fur farming, trapping and fishing in those areas of which you speak, but so far the farming has not developed as yet.

Q. The rock is too near the surface?—A. No. It is too far away.

Q. Is it just a matter of distance?—A. It is a question of transportation.

By Mr. Herridge:

Q. With the provincial lands which you have available at present, would the returned man have the choice whether he is settled on an individual farm or one in the co-operative?—A. Oh, yes.

Q. He can choose?—A. Yes. As a matter of fact, as I pointed out, over 800 have settled on individual farms.

Q. On crown lands?—A. On crown lands during this present year in time for the present crop season.

By Mr. Brooks:

Q. What is your idea of the minimum and maximum number of settlements you should have under your co-operative scheme?—A. That, of course, will depend on the block of land to be settled. For example, the co-operative at Matador would provide for 20 to 25.

Q. What I mean is, would you try to get enough to establish a school?—A. That is right.

Q. And the other facilities under one co-operative?—A. That is right.

By Mr. Green:

Q. Have you run into any trouble with the Veterans' Land Act people concerning the proposal to place the veterans on colonization land? When we suggested that in northern British Columbia we were met with the answer from the director that this was not a scheme to help open up new lands at all, that we were trying to do just the opposite and put the veterans on land that was in a settled area. He was very much against doing anything to help open up new lands. Do you run into that with the director?—A. Well, we have not requested V.L.A. to settle men on pioneer bush land.

Q. No. But you would do under your colonization scheme. That is what it would amount to, is it not?—A. Well, yes. But we feel that before we attempt to settle anyone on that land, at least 80 acres of each 160 acres settled must be cleared and ready for farming operations.

By Mr. Mutch:

Q. You are going to do that clearing?—A. Yes.

Mr. TUCKER: I thought that was the idea of Mr. Murchison too, that unless the B.C. government took some interest in regard to surveying and building roads and schools, they were not going to settle people in areas which did not have those facilities.

Mr. GREEN: Of course, he stressed time and again that this was not a colonization scheme in any sense of the word and was in fact the opposite. I am not saying that I agree with that, but that was the idea, or seemed to be the idea that he had. That was the attitude he took with regard to British Columbia.

Mr. CROLL: If I recall it correctly, Mr. Murchison said the land was much better in Saskatchewan than it was in British Columbia and that was the reason.

Mr. TUCKER: It was mainly that the provincial government, as I understand it, would not supply land surveys, roads or schools; and unless the provincial government would step into that area and do that, there was no way in which the Veterans' Land Act could really settle people there. That is what I understood him to say.

Mr. GREEN: No. He went further than that. He said that the whole policy was against using this Act as a colonization act.

Mr. MUTCH: In an unimproved territory. That is what it amounted to. Just finish the sentence and you will have it right.

Mr. GREEN: As a colonization scheme.

Mr. MUTCH: Yes, but that was owing to the fact that it was unimproved territory over which the province of British Columbia was not prepared to take any responsibility.

Mr. GREEN: He did not put in those qualifications.

The ACTING CHAIRMAN: I think Mr. Sturdy is through with the first part of his presentation. If there are any questions on the first part, I think we might as well ask them now.

By Mr. Quelch:

Q. I should like to ask one question on the matter of equity. Under the V.L.A. proposal the grants can be pooled but land shall be allocated to each one of the veterans participating in the scheme, and at the end of 10 years the veterans would have title to the piece of land, provided of course he complied with certain conditions. He could then sell that land and I suppose there would be an agreement with the organization that they should have an option on that land if he decided to break away. Under this proposal at the end of 10 years would the equity of the veteran be equal to the average value of the units within the co-operative? That is to say, would his equity be equal to the total value of the co-operative divided by the number of units in it? Because that is what his equity would be under the proposal of the V.L.A.—A. The answer is yes.

By Mr. Tucker:

Q. How would that equity be ascertained? How would it be fixed and ascertained so that a man could draw it out if he wanted to?—A. I think in the case of the voluntary withdrawal of a member, it could be amicably settled between the cooperative and the man who withdraws. After all, assets are not so difficult to assess; their present value is not so difficult to determine. If there is a dispute, however, then a committee would be set up comprising the personnel that I mentioned,—a member from the cooperative, a representative of the man who withdrew, a representative of V.L.A., a representative of the province and a fifth to be selected by those four. That committee would determine what the man's equity or the present value of the cooperative was.

Q. That would be including the value of the land, the improvements and the personal effects; that is, equipment and machinery. That would include it all?—A. That is right.

By Mr. Quelch:

Q. On this question of entitlement being restored, at the end of 10 years so far as the Veterans Land Act is concerned, he has been re-established. I take it that his entitlement would only be restored to him within that 10 year limit. If after the end of the 10 years, he wished to withdraw, so far as the Veterans Land Act is concerned, it is through with him. But if he withdrew prior to the 10 years, then you are suggesting that his entitlement under the Veterans Land Act should be restored to him and you put another settler in his place?—A. That is right.

Mr. TUCKER: That brings up another point. Suppose after 12 years he wants to withdraw. How would his equity be decided if he wishes to withdraw?

Mr. CROLL: Are we concerned with that? The man has title at that time. It is a matter of private dealing. It is no longer within the scope of our Act. It is not our business.

Mr. TUCKER: He has not got title.

Mr. CROLL: After 10 years?

Mr. TUCKER: No. He has not got title. The co-operative has got title.

Mr. CROLL: Yes. He may not have title in his own name, but he has an interest, a tenth or an eighth or a seventh of the value of the whole cooperative.

Mr. TUCKER: I would think we should take an interest in that man. We take an interest in him to this extent, that we see that he gets title to his land at the end of 10 years and he has got something of value that he can call his own then. What I am concerned about is this. Suppose we go into this scheme and the title is given to the cooperative. Then suppose he wants to withdraw or something like that, take advantage and cash in on what the country has done for him, as he could do if he were settled on an individual basis. What is his position then? It seems to me we should have an interest in the veteran indefinitely, to see that he has got some part of what we started him up in. I do not think we should figure we wash our hands of him at the end of 10 years.

Mr. MUTCH: If he is thrown out on his ear, he will soon be back on our doorstep.

The ACTING CHAIRMAN: Yes. I think we should be interested in how he can get his equity out at the end of 11 or 12 years.

Mr. CROLL: If he can get it out before the 10 years are up, surely there is adequate provision for him to get it out afterwards.

The ACTING CHAIRMAN: That is what I am interested in.

The WITNESS: May I point out that that would be taken care of in the terms of the cooperative agreement. That agreement is a legal and binding agreement and his equity would be taken care of. You see, the federal government concerns itself with the man's settlement up to a period of 10 years, and we are doing the same; thereafter his equity will be taken care of by a rigid cooperative agreement.

Mr. TUCKER: Have you such an agreement now or is that something that we would not know about? Is there such an agreement that does protect that man if he goes into a cooperative, so that if they throw him out at the end of 11 years, he does not have to go out on the street and have them owe him something which will be decided by a committee over which he has very little control? I think we are interested in that; at least I am. If we put \$2,320 into settling a man, I think we are interested in knowing what his future is beyond 10 years.

Mr. QUELCH: Mr. Chairman, my questions are not because I am antagonistic to the proposal. I like the sound of the proposal very much, but the questions

I ask are just to get clarification. I take it that at the end of 10 years really, so far as the Veterans Land Act is concerned, they are through. I think that a provision could be made whereby the provincial government would accept the responsibility, if after the 10 years a man does withdraw, for seeing that his equity is restored to him on the basis of the value of the average of the units. Would the provincial government be prepared to accept that responsibility?

The WITNESS: Oh, yes. We accept very considerable responsibility for the first 10 years. We felt that as far as the federal government was concerned,—and I think this point is well taken—if you successfully settle a man for a period of 10 years on a cooperative or anything else, his future is pretty well taken care of. But his equity after ten years will be safeguarded by a very rigid agreement; that is just as binding as any other type of agreement.

By Mr. Tucker:

Q. You have an agreement now with these people who have gone on the Matador ranch?—A. No.

Mr. CROLL: As I understand it—

The WITNESS: They wish to enter into an agreement.

Mr. CROLL: You would be quite content that the dominion government could have part of the agreement to safeguard the veteran if they so desired after ten years?

The WITNESS: Well, gentlemen, what agreement have you with respect to the man who settles on an individual farm unit after a period of ten years?

Mr. TUCKER: He owns the stock and equipment clear and he has a definite equity of his own in his land which he can turn into cash any time he wishes of his own free will. Under this scheme the Dominion, apparently, in the idea of some members, washes its hands in ten years and leaves the veteran with same equity which may be fixed by some agreement not yet to be made whereby all he has is an interest in a co-operative. Now, it seems to me that this committee must be interested in the position of that man at the end of ten years if he goes into a co-operative or if he goes into an ordinary individual enterprise because we are interested in re-establishing the soldier and seeing to it that he is established on a satisfactory basis; and the whole idea of this \$2,320 grant, as I understood it, was that at the end of ten years the man would own his stock and equipment and on that basis he could definitely proceed to complete and get ownership of that individual farm.

Mr. WRIGHT: Is there any co-operative in the province of Saskatchewan in which a man participates and thereby acquires an equity in the co-operative part of the business done by the co-operative during a period of years and in which he is not protected at the present time?

Mr. TUCKER: I am asking for information for the committee.

Mr. WRIGHT: That is co-operative law in the province of Saskatchewan; that the man's equity will be protected, and he will be protected in this type as in any other.

Mr. TUCKER: I suggested that if that is established law that Mr. Sturdy should lay it before the committee so we can examine it. That is all I am asking for: that we have the facts. That is what Mr. Sturdy is here to give us and we are entitled to have the facts. If there is such a law that could be given in answer to my question.

The WITNESS: May I point this out, Mr. Chairman, that up until the expiration of ten years the federal government still has an equity in that \$2,320 but after ten years the federal government's interest in that \$2,320 disappears entirely; is not that so?

Mr. TUCKER: Their interest in the \$2,320 disappears, but they are interested in how the veteran gets on because they gave him that to have him established as a successful farmer:

The WITNESS: The point I wish to make is this, that the present value of that \$2,320 is suddenly transferred from the federal government—from the V.L.A. to the settler; but with the stock and equipment and improvements purchased there is \$2,320 which belongs to the settler, and if there are ten settlers on this co-operative farm and a total grant of \$23,200 has been made, that man's equity is \$2,320.

Mr. TUCKER: Surely you are not suggesting, Mr. Sturdy, that if we make a grant of \$23,200 to a co-operative in respect of ten members and they buy machinery and so on to go onto a co-operative farm that we have no interest in what happens to an individual's ownership of one-tenth of that machinery and those improvements?

The WITNESS: The present value of that \$23,200. Besides, of course, in the case of the co-operative the man has his equity which is determined by the amount of improvements—the increase in the assets of that co-operative during that period of ten years.

Mr. TUCKER: How is that fixed? Mr. Wright says that that is definitely fixed by Saskatchewan law; that is the equity of an individual in a co-operative in the event of his wishing to go out. Now, you are a minister in the government and you should be able to tell us just what that law is; because I am quite surprised to hear from Mr. Wright that that is definitely fixed. If I am in error in the matter I should like to be corrected.

Mr. CROLL: Mr. Wright said "protected" not "fixed".

Mr. TUCKER: How is it protected?

Mr. CROLL: What is the co-operative law of the province?

Mr. TUCKER: Yes, we are being asked to settle these people on the basis of the co-operative law of the province of Saskatchewan. That is the question I have been interested in right along: what protection does that law give the individual? That is what I have been personally interested in.

The WITNESS: In the case of withdrawal or dismissal—

Mr. TUCKER: In case of both.

The WITNESS: I have said in case of withdrawal or dismissal he is entitled by law and by his agreement to his equity in that project. Now, in some cases by agreement the equity will be paid out immediately. That is, in case of dismissal but by voluntary withdrawal it is paid out in a period of a year or it is conceivable that by agreement that might be extended to two years. If the cooperative is going to be jeopardized the period at which his equity would be paid out might be extended for a period of two years; it would be determined by agreement.

Mr. TUCKER: Where can that be found? In what statute of Saskatchewan or what agreement? Have you tabled any agreement?

The WITNESS: It has been tabled with Mr. Murchison, I assume, in the by-laws of cooperatives that already exist.

Mr. FULTON: What we are interested in is how is that equity established? I think somebody put that question, did they not? If there are ten people concerned and they have assets which are valued at \$40,000 at the time of withdrawal or dismissal, has the party withdrawing got one-tenth of \$40,000, and is that established by law or by custom?

The WITNESS: That is established by agreement.

Mr. QUELCH: What return is the veteran given as the scheme is operating: is he paid on the basis of a wage or a percentage of the return after operating expenses have been deducted?

The WITNESS: For a yearly operation he is paid on an hourly or a daily basis, so much for each day's work, or so much for each hour's work. At the end of the year, a patronage dividend may be declared—the dividend will be divided equally among the members of the cooperative.

By Mr. Blair:

Q. What do you do if the man becomes sick and cannot hold up his end? Is he expelled?—A. No, he is at least entitled to his patronage dividend at the end of the year. Then, of course, there is the sociological responsibilities and certainly they take care of such a man and do not dismiss him, and that too is covered by by-laws.

Mr. CROLL: Certainly, I think his chances of having a living would be better in a communal undertaking such as that if he became sick rather than if he were on his own.

Mr. QUELCH: Has any consideration been given to setting up some form of group insurance?

Mr. CROLL: They cannot do that before they get going.

Mr. QUELCH: I say has that been considered for when they do get going?

The WITNESS: Well, I am afraid I cannot answer that.

Mr. MCKAY: The hospitalization scheme will take care of that.

Mr. BLAIR: What does a man have to do to get himself expelled?

The WITNESS: Well, I would imagine that the offence would have to be a pretty serious one before expulsion would take place; probably somewhat along the same lines as divorces are granted—that he is not compatible.

Mr. CROLL: Where do they grant a divorce for incompatibility?

Mr. TUCKER: Mr. Sturdy, the agreement you had in mind covered a man's right to go into a cooperative farming enterprise, and that is the one you refer to?

The WITNESS: These are the supplemental by-laws of the Sturgis Farm Cooperative Association Limited.

Mr. TUCKER: I think that should go on the record.

(Supplemental by-laws of the Sturgis Farm Cooperative Association Limited appear as Appendix "A".)

By Mr. Fulton:

Q. Some of the objection seems to be that the veteran has not got title to anything under this enterprise or may not have a title as an individual. Would you give protection whereby the veteran might own his own land individually but that the cooperative would extend to him the use of the heavy equipment, the land clearing equipment, the combines and so on which would make the cooperative scheme available and yet remove some of the objections—some of the objections which the government and others may have to the scheme particularly, I think, in the undeveloped land in the northern part of the province?—A. Well, as far as Crown lands are concerned, no, we would not be prepared —

Mr. CROLL: That would not work, Mr. Fulton, because the man in the middle might cause trouble. Suppose you have ten sections and the man in the middle is the man who does not fit into the picture and he has, perhaps, the best piece of the property.

The WITNESS: If his land happens to be in the centre of the cooperative and he withdraws his land then you destroy the cooperative.

Mr. BENTLEY: You give him the power of veto.

Mr. QUELCH: The trouble with Mr. Fulton's proposal would be that a lot of dissatisfaction would arise as to where the improvements were placed.

Mr. WRIGHT: Mr. Sturdy had a further presentation to make with regard to privately-owned land. Time is passing on and we should hear him.

The ACTING CHAIRMAN: I understood that there were only two proposals, one having to do with Crown land and the other having to do with V.L.A. purchases.

Mr. TUCKER: There is one other question I would like to ask if I might. I was given the impression by the director that if a man goes onto Crown land under the agreement between the province and the director, he cannot find out at the present time and for some years at what time he can hope to become the owner of that land. Now, is that correct? I was given to understand that when you settle a man on a piece of land with this grant of \$2,320 that he gets from the government that the government is unwilling to tell him at what price they will sell that land, they are unwilling to give him an option or any definite agreement at what price he will be able to buy that land later on; is that correct?

The WITNESS: Mr. Chairman, the reason is this, and I believe it to be well taken. During the war there has been considerable inflation in land values in the province of Saskatchewan. I know of lands that are selling as high as \$40 an acre also of a section that changed hands not long ago at \$60 an acre; ten years ago that land sold as low as \$20 or \$25 an acre. Now, we do not propose to set a price on this land under the present war-inflated prices, but the price at which a man may exercise his option to purchase the land after a period of ten years will be determined by the productive behaviour of the land in that particular area over a period of ten years.

Mr. CROLL: I think, Mr. Sturdy, there is a great deal to what Mr. Tucker is asking, and I think it would be most advantageous to the committee if they had in mind a maximum above which the man would not be expected to pay. You are leaving it too wide open. There is the objection taken by Mr. Mutch that if these men are very productive and very capable and do a very good job they will pay more for their land than will the fellow who is not so good.

The WITNESS: We have safeguarded against that.

Mr. CROLL: How?

The WITNESS: By not placing a value on that particular parcel of land, but by placing the average value of land in the municipality or in that particular area, and not for any one particular year, but basing it on the experience over a period of ten years.

Mr. TUCKER: Does that apply, Mr. Sturdy, to those going on under a cooperative project like the Matador? I presume the Matador people will not know for ten years what they will have to pay for that land; is that correct?

The WITNESS: They will know from year to year what they will have to pay, or the approximate value of what they will have to pay, because they know the average price of the land in that area.

Mr. BAKER: Surely the lands are based on present values. How do you get around that point? The grants you have now must be based on the value of the land at the present time?

The WITNESS: The grants?

Mr. BAKER: The grants of the Department of Veterans Affairs.

The WITNESS: No, such is not the case; the grant is a flat grant.

Mr. BAKER: What about other people buying farms? They are taking these grants at the price now and the grants are based upon the present values. I do not know whether you have got my point?

The WITNESS: I am afraid I do not get it.

Mr. BAKER: Take a case in the province of Nova Scotia or the province of New Brunswick. A man takes land under the Veterans' Land Act and he knows what that property is going to cost him and he pays for it, and the grant has been made out of an amount of money which the department has seen fit to grant the veterans and is based on present values, not ten years hence.

The ACTING CHAIRMAN: We are only dealing with Crown land at the present time.

Mr. BAKER: That is going to apply with the individual settler as well as with the cooperative.

The WITNESS: That is right.

Mr. MCKAY: There is something that Mr. Baker may not understand and that is that all this land is raw land which I have seen sell at \$1 an acre. I do not know this Matador area. After this land is improved it is worth \$10. When cultivated it will increase in value whereas it might not be productive to-day.

Mr. QUELCH: Surely the purchase price will be based upon the unimproved value?

The WITNESS: May I point out that that is absolutely so. When land is settled, the improvements which exist on the land are stipulated in the agreement. Additional improvements subsequent to settlement, are credited to the settler. You mentioned the fact that most of this land is unimproved land, but a good deal of it is improved land; there will be approximately 50,000 acres in crop this year on certain parts of that improved land.

Mr. MCKAY: I was not referring to the Matador.

The WITNESS: I was. Any improvements that are put on the land by way of additional land being brought under cultivation and by fencing or by buildings or any improvements whatsoever belong to the settler, and he is credited with that as his equity.

Mr. CROLL: For all purposes you could set a price today on the land.

Mr. WRIGHT: No.

Mr. CROLL: Why not?

Mr. WRIGHT: Because the value of raw land varies in relation to the period in which it is being sold and in relation to the value of the farm products which are being sold. For instance, in 1920 I bought raw land for \$21.50 an acre; ten years later the price of farm products had decreased by 50 per cent and the same raw land could be bought for \$10 an acre or \$15 an acre. The price of the raw land varies as well as the price of the cultivated land; the price varies with the price of agricultural products. If a settler is settled on the land and remains on the land for ten years—say he is up in the north and that that land has been improved—he does not pay during that ten years for the improved land, he pays for the value of the land as it would have been in its raw state, less the improvements which through his own efforts have been made on the land.

The ACTING CHAIRMAN: Time goes on and I think we should allow the witness to go on with the second part of his presentation.

Mr. BENTLEY: There is hardly time to do that now.

The ACTING CHAIRMAN: If it is the wish of the committee we can adjourn until 4 o'clock. I understand Mr. Sturdy will take only fifteen or twenty minutes to deal with the second part of his presentation.

Mr. CROLL: The clarification of his remarks may take a little longer.

Mr. TUCKER: As we indicated before, there might be some change considered in regard to the Veterans' Land Act to clear up the anomaly in that Act. Now, then, our solicitor has drafted a possible amendment which I think it would be a good thing to put on the record, because we shall have to have the advice of the committee in regard to this matter. With your consent I shall read the proposed amendment; it is not in its final form but it will be put on the record so that you can read it and think about it and probably make suggestions when we take up the Veterans' Land Act before reporting to parliament.

The drafted amendment reads in this way:—

Proposed amendment to The Veterans' Land Act, 1942. It is proposed to repeal section three of the above Act and to substitute therefor the following:—

- 3 (1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (hereinafter referred to as "the Director") who shall be responsible to the Minister and be paid such salary as may be fixed by the Governor in Council.
- (2) The Minister is charged with the operation of this Act, and in all matters relating to the administration thereof the Director shall be under the direction of the Minister or his lawful deputy.

It is further proposed to delete the word "Director" where it appears in the first line of subsection (1) of section 37, in paragraph (j) of said subsection and in the first line of subsection (1A) of said Act and substitute therefor the word "Minister".

When Mr. Sturdy completes his presentation the subcommittee will study it and report to this committee and this committee will study its report and also take this matter up with a view to making its final report to parliament with regard to the Veterans' Land Act.

I wish to thank Mr. Jutras for presiding.

The committee adjourned to meet again to-day at 4 o'clock p.m.

AFTERNOON SESSION

The committee resumed at 4.40 p.m.

Mr. CROLL: Gentlemen, if you will come to order we will continue with Mr. Sturdy's representation to the committee and we think we can finish it, with some attention, within half an hour. Mr. Jutras will act as chairman and will look after things.

The ACTING CHAIRMAN: I would suggest that we go on from where we left off this morning.

Hon. J. H. Sturdy, recalled. Minister of Reconstruction, Province of Saskatchewan.

The WITNESS: Mr. Chairman, I wonder if I might re-emphasize one or two points I tried to make this morning with respect to the recommendation of the director on page 1104 of the report of the special committee:—

Each veteran shall be possessed of an agreement between himself and the province concerned with respect to a specific parcel or parcels of land in accordance with the terms of an agreement between such province and the dominion.

I wish to re-emphasize this point. If that land is withdrawn from a block it destroys the cooperative. In the event of a cooperator leaving the cooperative voluntarily or being dismissed, and he withdraws his land with him, then of course the cooperative is destroyed. It would be physically impossible practically to operate that cooperative farm if parcels of land are taken out of it. Secondly: Grants may be made by the director to or on behalf of each veteran for permanent improvements including the cost of clearing and other preparation of land for cultivation, such improvements to be effected on the land held by each veteran under his agreement with the province, but such grants shall not exceed the sum of \$1,120 to anyone veteran.

That means that improvements such as breaking, fencing, building and so on must be placed on the individual parcel of land for which the member of the cooperative has signed an agreement with the provincial government. That is not the way a cooperative farm develops. The land is all brought under cultivation in a block. Certain areas of it may be in a coulee or roughland on which it is impossible to put any improvements at all. It may be used for pasture purposes. So that I wish to re-emphasize this point, that it is impossible in the development of a cooperative farm to place the desired amount of improvements up to the maximum of \$1,120 on individual parcels of land within that cooperative.

The second proposal is that of using grants under the Veterans Land Act to purchase a large farm. Development in agriculture in our province has been undoubtedly similar to that, certainly of the other prairie provinces. We have developed along the lines of larger and larger highly mechanized farms with the result that in our province we have many large farms comprising 2,000, 4,000 or 6,000 acres.

By Mr. Benidickson:

Q. What would be the average?—A. Of the large farms?

Q. No, what would be the general average across your province?—A. I imagine about a section. But I am speaking now of the large farms that do exist in our province. For the most part many of these are very desirable farms. They are located in good areas of the province. They have been brought under a high state of production. Most of them have excellent buildings with a full line of equipment. They are going concerns. They are farms on which we could expect veterans to rehabilitate themselves very readily and make a success of their farming operations. But because they are large farms, it is impossible for the Veterans Land Act to purchase them as such. You will appreciate the fact that the buildings are located on a small parcel, a small fraction of that large farm, are located on one-quarter section; so that even if the farm was purchased and broken up into 4, 5 or 6 farms, then the valuable buildings would be located on one-quarter section of land and still be lost to the rest of the farms into which this large farm might be divided. We have had several offers on the part of owners of such farms to sell them to the Veterans Land Act and we have had an equal number of requests from veterans who wished to take over these large farms and operate them as cooperative farms. Since they are going concerns, since they do comprise some of the best arable land of the province, we think it would be an excellent and effective means of rehabilitation on farms a relatively large number of our returned men. Therefore our recommendation is that the grant for the purchase of land, which is a maximum of \$6,000 for each individual settler, be utilized for the purchase of these large farms on a cooperative basis. That is the second proposal, Mr. Chairman.

I may say—and I re-emphasize this point—that a considerable number of the owners of these large farms for one reason or another are anxious to sell

them. It may be that they have attained an age where it is desirable that they give up farming and some of them are motivated by a desire to help returned men become re-established in the most effective way in the province.

There is another point, one in connection with veterans who wish to join a group of civilians in forming a co-operative farm association. We have several civilian co-operative farms operating in our province and for the most part these civilian co-operative farmers are prepared to invite returned men into their co-operatives. We would ask that they could use their purchase grants up to \$6,000, or as a very minimum the \$2,320 grant to enter such a co-operative. Many people think that the greatest degree of success can be obtained where there is a mixture of civilians and returned men on the co-operative farm.

Lastly, we have another type of co-operative enterprise in our province, and what is there is co-operative ownership and operation of farm machinery, a community pasture in livestock production and so on. I wish to deal particularly with farm machinery. As I have pointed out before, and no doubt in common with other provinces, ours has become a highly mechanized method of farming in our province, and there have developed co-operatives in the use of farm machinery. If the returned man could use his machinery grant to put into such a co-operative, it would materially assist him in bringing his land more rapidly under cultivation and sharing in the benefits of co-operative use of farm machinery in particular. I promised to be very brief, Mr. Chairman. That is the extent of my submission.

The ACTING CHAIRMAN: Thank you, Mr. Sturdy. Are there any further questions?

By Mr. Quelch:

Q. I think, Mr. Sturdy, you said you thought it was a desirable position where you had a mixture of civilians and veterans on a co-operative farm?—A. Yes.

Q. Would the proposal be that the civilians put up an amount equal to the amount that the veteran puts up, that is \$2,320?—A. Well, no. In one or two cases that I might cite the civilians have put in their land and that has become capitalized and will be repaid over a period of years. But their share capital, the basis of their voting power, is \$100. So that if the returned man put in \$100 he would have the same voting powers as other members of the co-operative and the additional \$2,320 in the case of the grant, or the \$6,000 in the case of the purchase price of land would enable him to purchase more land or that \$6,000 would go into capital.

By Mr. Brooks:

Q. Is the civilian co-operative farm on a partnership basis or does it come under the provincial laws you were speaking of as to co-operative farms which you suggested these veterans farms might come under?—A. Yes; under the Co-operative Acts of the province.

Q. That is a general Act covering other industries as well as farming, is it?—A. Yes.

By Mr. Benidickson:

Q. Mr. Sturdy, you indicated that there might be an opening for veterans in the purchase of what I will call going concern farms and using them on a block basis among several veterans. Who would be the purchaser of that large existing farm? Would it be the Veterans Land Act people?—A. The Veterans Land Act.

Q. The dominion government?—A. Yes, that is right.

Q. Under no guarantee or sponsorship of the provincial government. Is that it?—A. That is right.

Q. You also mentioned several civilian co-operative farms are existing at the present time. I am aware of some what we call communal farms, we will say, in Manitoba, of religious groups or nationality groups and so on. Apart from that, could you give us some examples of what type of co-operative communal farms are now being operated by non-veterans in Saskatchewan?—A. One type of complete co-operative farm is the Sturgis Co-operative, which is a complete co-operative.

Q. That is recently organized, is it not?—A. It is within the past couple of years.

Q. Yes.—A. It has been operating for two years.

Q. Did they take crown land or did they take cultivated land; that is, crown undeveloped land or cultivated land?—A. No, it was cultivated land. The members put their land into it. Some of the members put their land into this co-operative farm.

Q. In that case, who bought the land? Did the provincial government buy the land?—A. No. The individual co-operators bought the land.

Q. Through a contribution to a capital share set-up of some kind?—A. That is right.

By Mr. Croll:

Q. Did you have any experience in this present co-operative of withdrawals or expulsion? Could you give us anything on that? Could you clarify that for us?—A. Just to continue the answer to your question with respect to other types of co-operative, the machinery co-operative has been operating outside of North Battleford for some time and it is getting very excellent success. This is a mixed farming community and they find by having a complete line of power equipment that they can bring more of their land under cultivation, operate much more cheaply and devote more of their time to the development of dairying and so on.

By Mr. Benidickson:

Q. Could you give us any detail as to the number of participants in that scheme and the amount that they contributed in capital to the purchase of the equipment, and the area of the land that is farmed in that way?—A. Eight farmers comprise that farm machinery co-operative. I am not conversant with their method of providing for the machinery, but they discarded some of their machinery and purchased more up-to-date, larger units. With respect to the Sturgis co-operative, they found that they could do away with 20 per cent of the machinery that they had owned individually if it was used full time and to the best advantage.

Q. How many members are there in the Sturgis cooperative? I think you gave this information before, but I just do not remember it.

Mr. WRIGHT: Four or five.

The WITNESS: No. I think it is 6 in the case of the Sturgis cooperative and 8 in the case of the other one that I mentioned. With respect to the other question, sir, there has not been any case of withdrawal yet; but I wish to point this out, that in respect to the Matador, 17 boys went out there and worked together for a period of two months. Two of them withdrew. We purposely had them go out there and work to see if they could work together and if they liked that particular set-up. One of the returned men had a personal reason, a family reason, for withdrawing, and the other was not entirely acceptable to the other members of the cooperative and he also voluntarily withdrew. I point this out because I wish to emphasize that we will exercise every care in seeing that in any cooperative that is set up the members will have an opportunity of working together for a period of time in order to determine whether they wish to continue or not.

By the Acting Chairman:

Q. There have been no cases of dismissal?—A. No cases of dismissal as yet.

By Mr. Benidickson:

Q. With regard to the Matador scheme, that is getting some financial backing from the provincial government in Saskatchewan?—A. That is right.

By the Acting Chairman:

Q. When you answered Mr. Benedickson you inferred that there was no guarantee from the provincial government in the case of buying large farms. I do not think you meant that.—A. No, we would be prepared in the case of the break-up of a purchased farm under V.L.A., or rather in the case of the withdrawal of any cooperator from a purchased farm under V.L.A.—we would be prepared to guarantee the present value of the man's equity in that farm.

Q. You mean the same guarantee as the Crown land?—A. Yes.

By Mr. Brooks:

Q. In the Matador farm, how many of the seventeen would be married men; or would they all be married?—A. No, I believe there are several of them married and the rest are single. The married men are in the process of being provided with individual family homes; the single men by their own choice have elected to live in dormitories.

Q. I should like to ask one further question. For instance, in New Brunswick around my section we are people mostly of English origin, and I know that in Saskatchewan the conditions are somewhat different. Is this system favoured by any particular class or race of people or are all classes and races of people anxious to take it up?—A. In answer to that, an examination of the names of the seventeen who have written in—and the records are here—will reveal that one of them—this is at page 1206—is Mr. St. Cyr, who is of French-Canadian origin, then there is Mr. Zazelenchuk, who is Ukrainian. Incidentally he is the secretary of the cooperative. Then there is Mr. Dietrick, who was in the navy for several years, and he is of German extraction. Incidentally, he is the present manager of the cooperative. Of course, his people have lived in Canada for two or three generations I should imagine. Two of these names here are Scandinavian. There is the odd English, Irish and Scotch name. So that we would have a very good representation of various national origins here. Personally, we welcome that situation. I suppose no province in the dominion has quite such an admixture of various national origins as has Saskatchewan, and anything in the nature of racial intolerance or discrimination does not exist in our province, and I am sure that that is common with the other provinces of the dominion. We did make a selection of these members of this particular cooperative, but it so happens that they are practically of all national origins which we have in the province. I should like to make mention of one man here. He was the fourth man to land on V-E day. He was in hospital for eleven months, I believe it was, but he has sufficiently recovered to carry on farming operations.

THE ACTING CHAIRMAN: Gentlemen, if there are no more questions you wish to ask Mr. Sturdy at the present time I think we will postpone the discussion until such time as the subcommittee presents its report to this committee and then there will be another opportunity for discussion.

By Mr. Benidickson:

Q. I would like to get a little more information with regard to where we stand in Saskatchewan at the moment on existing cooperatives that might be interested in the various categories that Mr. Sturdy is speaking about. Now,

with respect to settlers on Crown lands, we have at the moment only one existing cooperative and that is the Matador scheme, is that correct?—A. That is right.

Q. With respect to civilian cooperatives, have we any more than the one which you mention consisting of six or seven individuals?—A. Oh, yes.

Q. Other than the Hutterites or other national or religious groups that have been in existence for some time?—A. May I point out that we consider them as cooperative farms.

Q. They do not come under your Cooperative Act; is that what you mean?—A. Yes. As an example, the Mennonite communities are not cooperative in any sense of the word although they may live in communities. Their farms are individually owned.

Q. Could you not indicate about how many of these civilian cooperative farms there are that are organized in accordance with the cooperative legislation on your statute book?—A. All types of cooperatives that have been in operation and are in the process of organization: about six in the province.

Mr. BENTLEY: There is the one at Hepburn and the one at Miskinaw. Those are, apparently, civilian projects.

The WITNESS: That is right.

By Mr. Benidickson:

Q. Could they be named and can you recall how many applicants there are in the case of each cooperative?—A. I will send you a complete list of the cooperatives.

Q. Are those civilian cooperatives what you might call close corporations or do they seek enlargement by veteran application or simply would there be veteran participation by substitution for present numbers—people you might say who were original subscribers?—A. No. I think that all of these are capable of enlargement, and it is a case of inviting any new members in order to enjoy some of the advantages of a large cooperative, and they are concerned with inviting any returned men in the district.

Mr. WRIGHT: I might point to one of these in my constituency, the one at Miskinaw. That civilian cooperative is formed by two families, two brothers, who had a group of boys in the army and they came out and pooled and formed a cooperative. They invited the boys into the cooperative on the basis of paying, I think it is, \$100 share capital in the cooperative, and they are operating under the Saskatchewan Cooperative Act.

Mr. BENIDICKSON: Are they all related?

Mr. WRIGHT: Yes, they are all related. They are either brothers or brothers-in-law. That is one particular cooperative. There are returned men who are operating in this way without any assistance from either the federal or the provincial governments—that is financial assistance.

By Mr. Benidickson:

Q. Again, I should like to have some further information on existing cooperatives with respect to cooperatives on machinery. Is Mr. Sturdy aware of any other regularized cooperative other than the one he mentioned at Prince Albert which is organized for the purpose of the cooperative ownership of machinery?—A. That is the only one that has been in operation for a period of two years, others are in the process of organizing. I could not tell you how many there are.

The ACTING CHAIRMAN: Gentlemen, may I thank the chairman of this committee and the committee in general for having allowed the sub-committee to hear the witnesses before the main committee which has simplified our proceedings and has saved us a lot of time and has given the Hon. Mr. Sturdy

a better opportunity of presenting his case. I can give you the assurance that the subcommittee will meet as soon as possible and will report back to this committee. I want to take this opportunity of again thanking Mr. Sturdy for his very clear presentation this morning and this afternoon and for his cooperative attitude while doing so.

(In the absence of Mr. Walter Tucker, the chairman, Mr. David Croll took the chair).

The ACTING CHAIRMAN: At the moment, gentlemen, we are not ready for any further business. We have had Mr. Mutch's report and it appears in No. 42. It deals with civilian war pensions which is a matter we will take up on Thursday. This will give you an opportunity to acquaint yourself with the terms of that report. If that meets with your approval and unless someone has something else he thinks we could deal with at this time we could adjourn until Thursday.

Mr. GREEN: Mr. Chairman, Captain Johnson, of the Department of Transport, is here and we could hear from him in regard to merchant seamen.

The ACTING CHAIRMAN: I see no objection to doing that if you wish to.

Captain G. L. C. Johnson, Director of Merchant Seamen, Department of Transport, called:

Mr. BENIDICKSON: Is not this a matter which comes under Mr. Mutch's subcommittee?

Mr. MUTCH: No. The reference to the subcommittee of which I was chairman specifically excluded the consideration of merchant seamen with the exception of the matter of pension. The merchant seamen are taken care of in a section of the Civilian Pension Bill—that is those civilians who are pensionable under the War Service Grants Act. With the exception of that all other consideration was restricted from the reference to our subcommittee, and we did not deal with it in any way whatsoever.

The ACTING CHAIRMAN: Mr. Green, what have you particularly in mind in relation to this matter?

Mr. GREEN: I was under the impression that Mr. Mutch's committee had dealt with the question of merchant seamen.

Mr. MUTCH: No, not at all.

Mr. GREEN: If not, there is just the same reason why the committee should hear some evidence. Every member of the committee is concerned with what benefits the merchant seamen have, and we have never had a clear explanation of the situation.

Mr. MACDONALD: Mr. Chairman, I was not here when these matters were referred to the subcommittee, but I have read the proceedings, and I understood there was an amendment presented to this committee, and that amendment was moved by Mr. Gillis and it was to the effect that this matter should be dealt with by this subcommittee—not only in the case of merchant seamen but also other personnel who were closely connected with the war. That was one of the matters referred to this committee from the House. This committee was to deal not only with the armed services but also with all personnel whose service necessarily brought them into close contact with the war. I notice that Mr. Mutch excluded them—arbitrarily possibly because he had done a good deal of work, and possibly the subcommittee felt that they had done enough work. I mention the merchant seamen, but in addition to them there has been

no reference to the case of the security police and the pilots at Halifax who worked in dangerous waters and some have sustained heavy casualties, probably more than in any other single branch of war activity.

Mr. PEARKES: My recollection of it was that we considered that the merchant seamen should be dealt with separately and they should not be confused with the firemen. Not because we did not feel that the merchant seamen had claims, or at least that I did not feel that the merchant seamen had claims, but because we thought that their claims were different from those of the firemen and the others. My recollection was that it was not referred to us, but that it was purposely omitted from Mr. Mutch's subcommittee to be dealt with at a later date.

Mr. MUTCH: Mr. Chairman, the reference to the subcommittee specifically excluded them from our consideration.

The ACTING CHAIRMAN: Order, gentlemen.

Mr. MUTCH: The reference specifically excluded the question of the merchant seamen, with the exception of eligibility under the civilian pension bill in which they are included. I draw to the attention of the committee the fact that at the time of the discussion, the chairman, who unfortunately is not here to-day, pointed out that it was felt that the treatment of the merchant seamen was indeed, as Mr. Pearkes has suggested, a separate and distinct matter and that the whole question of their treatment, apart from disability pension under the Pension Act, was to be referred to the Department of Transport. Therefore this committee set aside consideration of them other than with a pensionable disability, pending information which was to be given to the committee on what the proposals of the Department of Transport were. I assure Mr. Macdonald that neither I nor any member of my committee sought to avoid any work in connection with the consideration of any of these claims. If you look back at the reports of this committee—and I believe the date was the 14th of May; the secretary of the committee has the reference there—you will discover that what I say is correct. They were not referred to us at all except in the case of pensioners. I think all of the subcommittee would have been willing to give their opinions had we been asked to do so. But again I say they were specifically excluded, and it was the intention, as stated by the chairman and accepted by the committee, concurred in by the committee as a whole, that we would hear what provision was being made by the Department of Transport—and my recollection is that the committee concurred—whose special charge they were.

Mr. GILLIS: Evidently there is a mix-up somewhere.

The ACTING CHAIRMAN: Could I help the situation by stating this? I am informed that the merchant seamen and the Halifax pilots are being dealt with by the Department of Transportation who have a bill being made ready now. What it says I do not know. Does that clear the matter up?

Mr. GILLIS: That may be all right, Mr. Chairman, but I agree with Mr. Macdonald. My recollection of the matter is that the whole matter of auxiliary services was referred to this subcommittee, including merchant seamen, with this proviso, that the only angle of their problems that they were not expected to handle was the matter of pensions, as they were already covered in the regular Pension Act. That is my recollection.

Mr. MUTCH: In both your recollections you are wrong.

Mr. GILLIS: I have never heard of any reference such as this. If the Department of Transport is handling it, it is all right. But there never was any reference from this committee to the Department of Transport, to my knowledge.

Mr. BROOKS: Did you not ask a question the other day in the House and did not the Minister of Transport tell you that his department is dealing with it? It seems to me I have a recollection of that.

The ACTING CHAIRMAN: Yes, that is correct.

Mr. GILLIS: I asked whether an order in council with respect to the application of that war bonus was being granted to include certain categories. He said they were working on that. But I do still think it is an obligation of this committee to find out what is being done with that problem of the merchant seamen. I do not consider the civilian problem at all as one that lies within the jurisdiction of the Department of Transport only. I think it is a war problem and as such pertains to this Department of Veterans Affairs.

The ACTING CHAIRMAN: Let us look at the matter and see what the Department of Transport has. I knew they were preparing a bill but I did not know what it contained. But I recall what Mr. Brooks has just said, that the minister said he was preparing a bill. The secretary now tells me that is his information too. Let us see what is in the bill from the Department of Transport, so that we can know what we are doing.

Mr. QUELCH: Is the bill being referred to this committee?

The ACTING CHAIRMAN: I presume that is the next question that will be asked, that the bill will be referred to the committee. That would be a sensible suggestion.

Mr. MACDONALD: There is a witness here. We have some little time before 6 o'clock. We might hear what he has to say.

The ACTING CHAIRMAN: There is a difficulty that we ought not to get into. I do not know whether he knows what is in the bill or not, and we ought not to be at cross purposes. He really did not come up here to-day prepared to talk on that matter. He came up to discuss the pension aspect. He has some information available on that. But should not we see what they are doing before we go into it any further? Should we not see what the Department of Transport is doing?

The WITNESS: I have no information on that bill.

Mr. MUTCH: That is all that is before the committee at the moment, the pension aspect.

The ACTING CHAIRMAN: Yes. The difficulty is that we will get at the minister rather quickly. We will be all day Thursday on that civilian pension matter. I am sure of that, and we may even be Friday on it because some of the committee may not agree. In that case we are not likely to reach it before Monday. Before that time we will be able to communicate with the Minister of Transport and find out what he has got in his bill.

Mr. GREEN: Captain Johnson came here this afternoon prepared to give evidence, I understood.

The WITNESS: On the pension matter.

Mr. GREEN: Why not let him be heard now and find out what he does know or what he has to tell us instead of all this discussion?

The WITNESS: I have no information, Mr. Green, at all on this bill that the Minister of Transport is preparing. I am sorry, but I have no information. I have been away in Seattle for a month and I came up here totally unprepared for any questions like that. I am afraid I cannot give you any information on it at all.

By Mr. Green:

Q. What is the position with regard to pensions?—A. With regard to pensions, merchant seamen are provided for under order in council, as you know, for disability or for partial disability.

Mr. BENIDICKSON: If we go ahead until 6 o'clock, what is Mr. Johnson going to tell us? What is it proposed that Mr. Johnson tell us?

The ACTING CHAIRMAN: I think we will not do that.

Mr. MUTCH: Mr. Chairman, at the moment I understand that Mr. Johnson appears as a witness with respect to the discussion of the civilian pension bill in which merchant seamen were included.

The WITNESS: That is correct.

Mr. MUTCH: It was originally intended at this meeting that I or somebody in the committee—and I was prepared to do it—would move the adoption of the second report of the subcommittee of which I am chairman, and thereby precipitate a discussion on the question of civilian pensions for those persons who are included in that bill and whom we, my subcommittee, by further amendment proposed to include in that bill. It is now 5.30 and the chairman made the suggestion that rather than entering into that discussion at this time—a discussion which Mr. Johnson is not, I am quite sure, competent to enter into—we should adjourn. Someone else suggested we should open up the whole question of that. If it is the will of the committee that we should begin a discussion on that bill at the present time, then such a motion would be in order to bring the bill before us as amended. But we have not got that bill and therefore, Mr. Chairman, I move that we adjourn.

Mr. BROOKS: It took you a long time to say that.

Mr. MUTCH: I have to make it that way so that everybody will understand it.

The committee adjourned at 5.25 p.m. to meet again on Thursday, July 18, at 11 a.m.

APPENDIX "A"

SUPPLEMENTAL BYLAWS OF THE STURGIS FARM CO-OPERATIVE
ASSOCIATION LIMITED

MEMBERSHIP

No. 1. Any person, either owners or tenants of land, or any persons who may contribute their personal services to the Association, in accordance with the bylaws, may become members of the Association.

No. 2. Any person applying for membership in the Association shall be required to sign an application form, prescribed by the directors. The application form may include the following conditions:—

- (a) An undertaking to describe and indicate the amount of capital and resources the prospective member will be prepared to subscribe and contribute to the assets of the Association;
- (b) An undertaking to contribute whatever services, in the interests of the Association, may be required from time to time by the manager and the Board of Directors;
- (c) An undertaking to agree to any special revaluation of assets or capital and resources of the Association from time to time as may be determined by the Board of Directors, subject to special arrangements set out in the bylaws for arbitration in cases of appeal by any member;
- (d) An undertaking to sign an agreement to empower the Association to retain any loan made by the member, or his membership fee, for a period of time to be decided upon by the Board of Directors;
- (e) An undertaking to abide by the final decision of the Board of Directors as to where, when and how the capital and resources subscribed, or the services contributed, to the Association may be used in the best interests of the Association.

No. 3. No application for membership, transfer of membership or withdrawal of membership shall be valid unless approved by resolution of the Board of Directors, and duly recorded in the minutes of the director's meetings.

No. 4. The directors may, by a two-third vote, at a meeting duly called, order the retirement of a member from the Association:—

- (a) If the retirement of a member is ordered in accordance with the provisions of this bylaw, the Association shall repay the membership fee contributed by the member, and pay to him other amounts held to his credit, subject to the terms of any special contractual arrangements which the member may have made with the Association.
- (b) The Secretary of the Association shall, within five days from the date on which the order is made, notify the member in writing of the order.
- (c) An appeal from the order may be taken by the member to the next general meeting of the Association, provided that written notice of intention to appeal shall have been given by him to the secretary within thirty days of the receipt of the notice mentioned in clause (b).
- (d) At such meeting a majority of the members present may confirm or rescind the order.

No. 5. The duties and functions of members shall be held to include:—

- (a) To study their Association with a view to obtaining a full understanding of its general purposes and arrangements, and give loyal support to its objects, aims and purposes;

- (c) To be actively interested in the Association's affairs and attend as many meetings of the Association as possible, and by discussion and voting to provide a basis for the determination of policies by the directors;
- (c) To participate in the formulation of, and to abide by, all the rules, regulations and bylaws governing the Association;
- (d) To endeavour to co-operate with and encourage the co-operation of all members;
- (e) To care for such property or goods of the Association as may be assigned for use, either personally or in the interests of the Association;
- (f) To contribute their time and service if elected or appointed on the Board of Directors or any committee or committees which may be appointed, and to do other reasonable things which may be in the best interests of the Association.

No. 6. At all annual, semi-annual, general, or special meetings of the Association one-half of the membership of the Association shall constitute a quorum until such time as the membership of the Association is greater than twenty, after which time ten members or one-tenth of the total membership of the Association, whichever is the greater, shall constitute a quorum.

ADMINISTRATION

No. 7. The Board of Directors of this Association shall consist of nine members duly elected.

No. 8. The Board of Directors shall direct and supervise the business of the Association as prescribed in the Standard Bylaws governing co-operative associations. They shall, amongst other matters:—

- (a) Meet regularly, to consult with the manager regarding the operation of the Association, in the interest of deciding generally on the most equitable and efficient methods of rendering services to the members;
- (b) Appoint annually from the membership an appraisal committee to evaluate all personal resources which may be turned over to the Association for capital purposes and other financial requirements;
- (c) Appoint a general manager annually from the membership, provided, however, that the manager must not hold more than two consecutive terms.
- (d) Appoint a committee from time to time, at the request of the membership, to deal with the matter of revaluation of capital and other financial resources subscribed, and in the event of a member appealing such action, make the necessary provision for arbitration in accordance with the bylaws of the Association;
- (e) Provide for a proper system of bookkeeping and accounting records, which may be subject to the approval of the Register of Co-operative Associations.

No. 9. The general manager shall manage all operations of the Association in accordance with the policy which may be set out by the Board of Directors, and shall have power to assign farming duties to all members, appoint whatever assistants, or hire whatever outside labour he deems necessary, and shall be responsible for indicating to the treasurer or timekeeper the allowances of time for those contributing services to the farming operations of the Association.

No. 10. The manager, any member or any employee of the Association who may have as a part of his responsibility the handling, management or expenditure of the funds of the Association shall be required to furnish a fidelity bond, or such other security as may be satisfactory to the directors.

No. 11. The fiscal year of this Association shall end on December thirty-first.

No. 12. In cases of need, particularly with reference to the revaluation of capital items, any member may, after having appealed to a meeting of the Association without satisfaction to himself, seek arbitration by means of a tribunal, which shall be composed of a representative appointed by the member, a representative appointed by the Board of Directors of the Association, together with a non-member, approved by the Registrar of Co-operative Associations, in the event that the other two members cannot agree as to who shall be the independent member. The findings of such a tribunal shall be final, and all members shall agree to abide by them.

No. 13. Services performed in the community by other co-operatives may be utilized insofar as possible, and such co-operatives shall be given such assistance deemed possible in the circumstances.

FINANCING

No. 14. An applicant for membership, after approval of his application by the directors, shall, before he may enjoy the privileges of a member, be required to pay to the Association his membership fee in full.

No. 15. No interest shall be paid on the membership fee.

No. 16. A member may, with the approval, or upon the request of the directors, loan to the Association such funds as may be required to finance the purchase of such property, equipment and goods as may be required, and to furnish such other fixed and working capital requirements as may be necessary to achieve the objects of the Association, and such loans shall be repayable to the member at such time and in such manner as the directors may determine and as the business of the Association may warrant.

- (a) A member shall be entitled to a statement showing the amount loaned by him to the Association, and the date upon which the loan was made.
- (b) Amounts standing to the credit of a member as a result of contributions to the Association may be credited with interest at a rate not exceeding six per cent per annum, provided always that the total amount paid in interest on loans from members in any year shall not exceed fifty per cent of the earnings of the Association for the current year, after ordinary expenses and valuation reserves, such as depreciation, are deducted therefrom.
- (c) A member shall be entitled to an annual statement from the Association, showing the amount payable to him in the membership loan account, and the amount of any interest credited thereon.
- (d) A member may be required to agree to give a certain period of notice prior to any withdrawal of his loans to the Association, such agreement to be in writing, and duly signed and recorded at the time the member loans the said funds to the Association.

No. 17. The directors may borrow and secure the payment of money on such terms and conditions as they may determine, and in accordance with the provisions of The Co-operative Associations Act.

OPERATING METHODS

No. 18. The Association shall maintain a standard wage basis for all members, and at all times ensure as satisfactory working conditions as possible.

No. 19. The Association shall maintain a standard wage basis for non-member service, which shall be approved by the members from time to time, until the non-member has served the Association continuously over a period of time, to be approved by the directors, when he may make application for membership, or receive the benefits of labour dividends, or both.

No. 20. Certain work, incidental to the success of the Association, but not readily placed on a time basis, shall have allowance made for it, the Association guaranteeing to pay each member a minimum annual wage of two hundred and forty dollars (\$240.00), provided the said member is available for service to the Association for at least nine months of the year. In cases of sickness, accident, or other circumstances beyond his control, a member shall receive credit with respect to the minimum of nine months availability for service mentioned in this section. Those members qualifying through recorded time and standard wage provisions for any amount in excess of two hundred and forty dollars (\$240.00) either from the Association, or from his own earnings during leave of absence, or from both the aforesaid sources, in excess of this amount, shall not qualify for any assistance within the meaning of this section.

No. 21. All net earnings of members for services rendered to other than the Association shall be paid into the treasury of the Association, and such members shall receive standard wages during the period of time such services were given in the same manner as would have applied had they been working for the Association. A member may, however, apply for leave of absence without pay or benefits from the Association if outside labour services are likely to be in excess of six weeks in any one year, and if leave of absence is granted, the member will then retain any earnings which he may make, rather than pay them over to the Association. A member shall not at any time do work for other than the Association without the consent of the general manager of the Association.

No. 22. A member may, upon application to the Board of Directors, be given time off with full pay to perform various community duties which may, or may not, give such member a net return. This privilege may not be extended for more than one month in any one year, except under special circumstances, approved by the Board of Directors and no more than two members may be absent on such community service at the same time during the seeding, harvesting or threshing periods of farm operations. Except where special leave of absence is granted under the provisions of By-law No. 21, any net earnings from such community service shall be paid in to the treasury of the Association.

No. 23. The degree of efficiency in which services, related to farm operations, have been rendered to the Association shall be determined by the general manager, and his decision shall be binding on the members of the Association with respect to work done. Remuneration shall be paid according to this decision. In the event of a dispute arising, the member may place his complaint before a special arbitration board of three members, approved by the directors, and the decision of this arbitration board shall be final.

No. 24. Earnings received from the rental of the machinery of the Association, or from custom work done by members with the equipment of the Association, shall be paid into the accounts of the Association as a part of its general revenue.

DISTRIBUTION OF SURPLUS

No. 25. (1) After paying all ordinary expenses, including standard and guaranteed wages, and allowing for proper valuation and expense reserves, chargeable to the year's business, and providing for interest on membership loans, in accordance with the provisions of Bylaw No. 16, the remainder, if any, of the earnings from the yearly operations of the Association shall be apportioned in the following order:

- (a) By setting aside not less than ten per cent of the balance of the earnings for a reserve, in accordance with the provisions of The Co-operative Associations Act, until such time as this reserve shall be equal to at least ten per cent of the total assets.

- (b) By setting aside an amount not exceeding three per cent of the balance of the earnings to be used in special circumstances, approved by the directors, in cases of sickness, accident or other unusual hardship affecting any member.
- (c) By setting aside an amount not exceeding two per cent of the balance of the earnings to be used in special circumstances approved by the directors, for the purpose of making loans to members or their children for the continuing of their education in any field which, in the opinion of the directors, they appear to have special qualifications.
- (d) By setting aside an amount not exceeding one per cent of the balance of the earnings to be used from time to time for general educational or community purposes.

(2) The remainder of the earnings, if any, after making provision for those items indicated in Bylaw No. 25, Subsection (1), shall be divided among those members and non-members contributing their services to the Association at standard wages, and in proportion to the amount of time contributed by each. In the case of non-members eligible for patronage dividends in accordance with Bylaw No. 19, these may be retained to the non-members' credit for a specific purpose, or paid out immediately, as may be determined by the directors, except that the non-member shall be fully informed of amounts credited to him, and for what purpose these amounts are retained.

No. 26. Subject to the provisions of the other supplemental bylaws of this Association, up to fifty per cent of all dividends due to a member for service or labour rendered may be retained in a special revolving reserve account, for the purpose of providing sufficient funds to carry on the operations of the Association, in accordance with its objects, and after the dividends so retained have accumulated in an amount deemed sufficient for the operations of the Association as aforesaid, the directors shall, at such time and in such manner as they may determine, pay to the member the amounts retained from dividends due to him.

- (a) The first payment to a member of dividends retained in accordance with the provisions of this bylaw may be equivalent to the amount considered by the directors as available for payment at the time and as may be warranted by the financial requirements of the Association, and subsequent payments from this reserve may be in amounts determined likewise by the directors at such future periods as they may decide.
- (b) As dividends which have been retained by the Association are paid to a member, additional amounts may be retained from current dividends due to him in order that sufficient funds may be maintained to achieve the objects of the Association, provided, however, that dividends so retained shall in turn be paid to the member in accordance with the provisions of this bylaw.
- (c) A member shall be entitled to a statement after the end of every fiscal year, showing the amount retained from dividends due to him in accordance with the provisions of this bylaw, together with a statement of any dividends paid to him.
- (d) Interest may be payable on dividends retained in a special revolving reserve.

No. 27. In order that capital contributions from members, by way of membership fees, membership loans, and retained dividends, may be more equalized in amount, the directors may require a member who has an investment in capital contributions of less than fifty per cent of the largest member investment to allow any balance of dividends accruing to him for payment in any year to be placed to the credit of his membership loan account until such time as his investment equals or exceeds fifty per cent of the largest member investment. After such action has been taken, the directors may, with due

consideration for the finances of the Association, determine to repay part of the membership loans of the member or members with the largest capital contributions to their credit.

GENERAL

No. 28. The directors and members of the Association shall be generally responsible at all times for advancing ideas for improved farm practices, for improved living conditions, for well-considered operational expansion arrangements, for good relationships with other co-operative organizations, and for generally carrying on all the operations of the Association in a manner which will deserve praise from farm and community leaders, as well as from various governments.

No. 29. The directors and members of the Association shall be generally responsible for improvements, considered to be of benefit to their community, as may be suggested by authoritative sources, such as the University of Saskatchewan, the Departments of Agriculture of Saskatchewan and Canada, the Saskatchewan Department of Co-operation and Co-operative Development and various other educational and farm organizations.

Certified correct.

HUGH W. MITCHELL,
President.

ELMER J. SJOLIE,
Secretary.

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(SESSION 1946
(HOUSE OF COMMONS)

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 47

THURSDAY, JULY 18, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs;
Mr. J. L. Melville, Chairman, Canadian Pension Commission.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

THURSDAY, July 18, 1946.

The Special Committee on Veterans Affairs met at 11 o'clock a.m., Mr. D. A. Croll, presiding.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Benidickson, Bentley, Blair, Blanchette, Brooks, Cleaver, Croll, Dion (*Lake St. John-Roberval*), Fulton, Green, Harris (*Grey-Bruce*), Herridge, Jutras, Kidd, Langlois, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, McKay, Merritt, Mutch, Pearkes, Quelch, Sinclair (*Vancouver N.*) Tremblay, Viau, Winkler, Winters.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs; Mr. J. L. Melville, C.B.E., M.C., E.D., Chairman, Canadian Pension Commission.

The Chairman tabled a letter dated July 17, 1946, from the Director of Merchant Seamen, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Consideration of a draft of a proposed bill respecting civilian war pensions and allowances was resumed.

Clauses five, six, seven, eight, nine, ten and eleven were adopted.

Clause twelve was amended by adding the words *or to which it was chartered* after the word *licensed* in the last line thereof.

Clause twelve, as amended, was adopted.

Clauses thirteen, sixteen, seventeen, eighteen, nineteen, twenty, twenty-one, twenty-two, twenty-three, twenty-four, twenty-five, twenty-six, twenty-seven, twenty-eight, twenty-nine and thirty, were adopted.

The draft bill was amended by the deletion of Clause 31 and the substitution therefor of the following:—

31. Unless it is established to the satisfaction of the Commission that the evidence upon which the application for pension is based was not in possession of the applicant or could not reasonably have been obtained by such applicant within the times hereinafter prescribed, no pension for death shall be awarded under this Part in respect of a special constable unless application is made therefor within one year after the death, and no pension for disability shall be awarded under this Part to or in respect of a special constable unless application is made therefor within one year after he ceases to be a special constable.

Clauses thirty-two, thirty-four, thirty-five, thirty-six and thirty-seven were adopted.

The draft bill was further amended by the deletion of clause thirty-nine.

Clauses forty, forty-two, forty-three, forty-four, forty-five, forty-six, forty-seven, forty-eight, forty-nine, fifty and fifty-one were adopted.

Clause fifty-two was amended by deleting the words *Schedules I and II of this Act* in the last line thereof and substituting therefor the words *Schedules A and B of the Pension Act*.

Clause fifty-two, as amended, was adopted.

The draft bill was further amended by the deletion of clauses fifty-three, fifty-four and fifty-five.

The draft bill was further amended by the deletion of clauses fifty-six and fifty-seven and the substitution thereof of the following:—

56. Pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the Pension Act for Lieutenant (Military) to or in respect of persons who

- (a) were called up for training, service or duty under the National Resources Mobilization Act, 1940,
- (b) accepted and underwent treatment of any kind prescribed by the Department of Veterans Affairs for the purposes of improving their physical condition and rendering them fit for such training, service or duty, and
- (c) suffer injury or disease or aggravation thereof resulting in disability or death arising out of or directly connected with such treatment, as if the persons had been members of the forces.

57. Pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the Pension Act for Lieutenant (Military) to or in respect of persons who

- (a) volunteered for active service in the naval, military or air forces of Canada but were not accepted owing to their physical condition,
- (b) were furnished with remedial treatment by the Department of Veterans Affairs, under the conditions prescribed by the Governor in Council, for the purpose of rendering them fit for active service in the said forces, and
- (c) suffer injury or disease or aggravation thereof resulting in disability or death arising out of or directly connected with such treatment, as if the persons had been members of the forces.

Clauses forty, forty-one, forty-two, forty-three, forty-four, forty-five, forty-six, forty-seven, forty-eight, forty-nine, fifty, fifty-one and fifty-two were re-numbered as thirty-nine, forty, forty-one, forty-two, forty-three, forty-four, forty-five, forty-six, forty-seven, forty-eight, forty-nine, fifty and fifty-one respectively, and clauses fifty-six and fifty seven as fifty-two and fifty-three respectively.

On motion of Mr. Mutch, it was resolved that the draft of the proposed bill be further amended to include

- (a) provision for the following groups similar to that made for other civilian groups:

1. V.A.D's who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942;
2. Former members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of War;
3. Orthopaedic nurses selected by the Canadian Red Cross Society for employment by the Scottish Ministry of Health;
4. Former civilian flying personnel of No. 45 Group, Ferry Command, R. A. F.; and

- (b) provision for former members of the Pacific Coast Militia Rangers similar to that made for members of the A. R. P.

At 1.00 o'clock p.m., the Committee adjourned until Friday, July 19, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 18, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Acting Chairman, Mr. David Croll, presided.

The ACTING CHAIRMAN: Gentlemen, let us proceed. At our meeting this morning we shall deal with Mr. Mutch's report, but before that may I say that the question concerning the merchant marine was raised at our last meeting and some discussion was held on it, and it was suggested that something would be included for the merchant marine in the bill to be introduced by the Minister of Transport. The Minister of Transport, speaking on the floor of the House yesterday, said that the only part he covered was workmen's compensation. I have a letter here from the Department of Transport setting out the various benefits, and my thought was that I should file that letter. It is rather a long letter and I do not think the committee would catch the import of it if I read it. We shall not deal with it until Monday at the earliest.

Mr. GREEN: It will not be printed by then.

The ACTING CHAIRMAN: We shall have to get it printed in order to deal with it.

(Letter from the Department of Transport appears as Appendix "A".)

Mr. MUTCH: On that score, I hope that you as acting chairman will not perpetuate the error of our permanent chairman by insisting on calling this Mr. Mutch's report, which might prejudice the report. In order to get on with the matter, may I say that you have before you in No. 42 of the proceedings of this committee the printed copy of the second report and which it is proposed we shall deal with this morning. I think everyone has a draft of the bill. There are two methods of approaching this: one will be to move the adoption of the report in this committee; I think it will be more successful and more speedy if the committee agrees, first to consider the draft of a proposed bill to which your subcommittee has made certain amendments, and at the appropriate point, if you approve, I shall move amendments which can then be discussed. At the conclusion of the consideration of the bill, with the approval of the committee, I shall move these additional amendments to the bill which the subcommittee has in its report, but they are not included in the printed form.

Mr. GREEN: I would like to get the situation clear. As I understand it, the subcommittee had before it a bill dealing only with pensions.

Mr. MUTCH: With the Act respecting Civilian War Pensions and Allowances.

Mr. GREEN: The bill deals only with pensions; it does not deal with any other privileges or benefits at all.

Mr. MUTCH: That is the subject-matter of our second report; there is a third report which will follow.

Mr. GREEN: That bill has now been considered by the subcommittee.

Mr. MUTCH: Correct.

Mr. GREEN: And you have recommended certain alterations?

Mr. MUTCH: Correct.

Mr. GREEN: In addition to considering that one bill the subcommittee considered other kinds of benefits for a broad group; they were supposed to look into claims for all possible groups that would be entitled to benefit.

Mr. MUTCH: All those who had made representations were considered.

Mr. GREEN: Is not that the position?

Mr. MUTCH: Yes. And, Mr. Green, the latter part of what you have referred to is the subject-matter of the subcommittee's third and final report.

Mr. GREEN: You had no bill before you in regard to these people?

Mr. MUTCH: That is correct.

Mr. GREEN: You are simply making recommendations?

Mr. MUTCH: To this committee.

Mr. GREEN: As to the general type of benefits that should be given to A, B, C and D?

Mr. MUTCH: Actually the subcommittee in its third and final report recommend the groups who should be further considered and make specific recommendations with respect to them as the opinion of the subcommittee.

Mr. GREEN: We are in this position to-day: we have to consider proposed amendments to this bill that you had before you and also to consider your general recommendations?

Mr. MUTCH: There are two separate reports.

The ACTING CHAIRMAN: They are set out in the minutes of proceedings and evidence clearly in No. 42.

Mr. GREEN: Does it not come down to the question of the best way to get at this matter? Should we not consider first the recommendations for benefits to all the different groups rather than taking the Pension Bill alone?

Mr. MUTCH: It makes no difference to the subcommittee how it is dealt with, but in the case of pension benefits we had before this committee a draft of a proposed bill. You will remember, Mr. Chairman, that the committee as a whole began consideration of that bill, and the first reference to the subcommittee was to save the time of the main committee, that a representative subcommittee should consider this specific bill and suggest amendments or whatever would be required and report back to the main committee. It was not for some time after we had been considering this bill that the reference was expanded and we were asked whether, when we completed our task, to assume another one; and our reports are brought back to you in the chronological order of the order of reference. They are concise recommendations with respect to the drafting of this proposed bill in which your subcommittee were unanimous in their recommendations to the main committee. I do feel, Mr. Chairman, that this is a piece of legislation which is not affected in any way by the other and could readily be disposed of before going on with the other legislation which, conceivably, might be more contentious. I think it is a businesslike way to do our work.

Mr. BROOKS: It does not prejudice the other?

Mr. MUTCH: No, it does not prejudice it in any degree.

Mr. GREEN: It is awkward for this reason, that the Pension Bill covers different types of people, and then they are to get some other allowances besides. Would it not be more businesslike to consider what total benefits we think they should get, and having decided that, the pension end of it could be fitted into the pension benefits and the others could be recommended to the House?

Mr. MUTCH: We have no bill before us with regard to the other benefits.

The ACTING CHAIRMAN: There are two matters. The second report in no way affects the third report except as to clarification. If we get into that we will be able to dispose of that second report easily, and if there are contentious matters they will come into the third report and we will deal with them.

Mr. MUTCH: There is no relationship between them.

The ACTING CHAIRMAN: If you look at the second report, the recommendation is:—

Clause 2: That paragraph (b) be deleted and the following substituted therefor:

- (b) "War" means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine, the date or dates, as the case may be, of termination of which will be such date or dates, as may be proclaimed by the Governor in Council.

Mr. MUTCH: The subcommittee was acting on the recommendation of this committee and had proceeded that far and carried it.

The ACTING CHAIRMAN: There is no objection to that, is there?

Carried.

Clause 5: That paragraph (a) be deleted and the following substituted therefor:

- (a) "Canadian national" means a person who is a Canadian citizen as defined in The Canadian Citizenship Act.

That recommendation we cannot accept for the reason that the Canadian Citizenship Act will not be proclaimed until the 1st of January, 1947, and so we must carry through with the Canadian National Act until we automatically come under the Canadian Citizenship Act when it is proclaimed. That is the view of the Department of Justice, and it seems to be a reasonable one.

Mr. MUTCH: It has been proclaimed, but it is not in effect.

The ACTING CHAIRMAN: Then it is not any good. Clause 5 stands as is.

Mr. GREEN: This committee will have to consider each of these sections, not only the ones that will be changed; we have not passed any of these.

The ACTING CHAIRMAN: We will have to go through these.

Mr. FULTON: Presumably the subcommittee accepted the bill with these changes. If we accepted the subcommittee's report would not that suffice, without a detailed study of the bill?

Mr. GREEN: We might not agree with that.

The ACTING CHAIRMAN: Gentlemen, we have something before us. If we take the subcommittee's report then we have the bill as submitted to the committee, and we can decide.

Mr. MUTCH: To save time, Mr. Chairman, may we revert to my original suggestion that we take the draft of the proposed bill and give consideration to the bill clause by clause? Actually, that is what we have done because we have just touched the first page. As suggested amendments come up we will move those amendments and the committee will either accept or reject them.

Mr. HERRIDGE: I think Mr. Mutch's method is the better one to follow.

The ACTING CHAIRMAN: This is an Act respecting Civilian War Pensions and Allowances. I am told by the the clerk that clauses 1, 2, 3 and 4 were carried. Clause 1 did not carry; clause 2 as amended carried and clauses 3 and 4 carried. We are now at clause 5, and clause 5 is to remain as it is.

Mr. GREEN: Shall we go over each section of clause 5?

Mr. MERRITT: Did not the subcommittee report definitely on that?

The ACTING CHAIRMAN: We cannot do anything, Mr. Merritt, because the Act is not proclaimed. Shall 5 (b) carry?

Carried.

Mr. GREEN: We had quite a discussion about this when the bill was up before.

Mr. MUTCH: We did not proceed past clause 4 before.

Mr. GREEN: We were discussing whether that was to be confined to British subjects. As it reads now a pension could not be given to a fisherman although he was actually a Canadian fisherman, fishing for Canada, unless he were a British subject. There was some question as to that—as to whether it was wise to make that restriction.

The ACTING CHAIRMAN: That is carrying out the order in council.

Mr. GREEN: Well, that does not say that this is right.

The ACTING CHAIRMAN: Well, it is a guide. It does not say it is wholly, but it is a guide-post.

Mr. GREEN: I think Mr. Woods has brought up something about Atlantic fishermen.

The ACTING CHAIRMAN: Shall clause 5 be carried?

Mr. GREEN: Does that cover all the fishermen on the Atlantic?

The ACTING CHAIRMAN: We will ask Brigadier Melville.

Brigadier J. L. Melville, Chairman, Canadian Pension Commission called:

The WITNESS: Except those who are not British subjects. In that regard I might give this item of information: salt-water fishermen: number of disability awards granted, 1; liability, \$325; number of death awards, 21; liability, \$16,848. No claims have been received by the commission which were not granted.

Mr. WINTERS: I wonder if we could have a breakdown record of that table at the same time?

The ACTING CHAIRMAN: Will you table it, Brigadier Melville?

The WITNESS: I shall be pleased to table it for the information of the committee.

	<i>Awards Granted</i>			<i>Not Granted</i>		
	<i>Disability</i>		<i>Death</i>	<i>Disability</i>	<i>Death</i>	
Merchant seamen —						
Canadian ships	20	\$ 8,968	325	\$ 192,312	12	11
Canadians on non-						
Canadian ships	11	4,206	49	18,135	5	1
Salt-water fishermen ...	1	325	21	16,848	Nil	Nil

Carried.

The ACTING CHAIRMAN: Shall clause 5 (c) carry?

Mr. GREEN: Further information was to be given to us on that point also, as to whether that covered men in the merchant navy other than on Canadian ships?

The WITNESS: The situation is this, that all men who served on ships of Canadian registry are covered; all Canadian nationals who served on ships of non-Canadian registry are covered; all Canadian nationals who served on ships under a bareboat charter are covered.

Mr. GREEN: No matter where that ship was registered?

The WITNESS: Provided the ship is certified by the Director of Transport as being employed on a voyage which was considered essential to the prosecution of the war on behalf of His Majesty or His Majesty's allies.

Mr. WINTERS: Do you know whether those ships of Panamanian register were covered by that?

The WITNESS: If Canadian nationals were serving on those ships they are covered.

Mr. WINTERS: That is quite a point. I do not think there is anything in this Act, but it comes under the matter of whether they should receive these war service bonuses, and they are excluded at the present time. I wonder if they are included in this Act?

The ACTING CHAIRMAN: No, they are not under this Act.

Mr. MUTCH: The evidence before us is that they were; are they excluded or covered—which?

The ACTING CHAIRMAN: They are not covered.

Mr. WINTERS: Canadians who served on ships of Panamanian registry are not eligible for pension, are they?

The WITNESS: They are eligible for pension.

Mr. MUTCH: That is the information we had in the subcommittee.

The ACTING CHAIRMAN: Shall 5(c) carry?

Carried.

Shall 5(d) carry?

Carried.

Shall 5(e) carry?

Carried.

Shall 5(f) carry?

Carried.

Shall clause 6 carry?

Carried.

Shall clause 7 carry? Is there any change there?

Mr. GREEN: There was a question in clause 7 as to whether that was too restrictive. It says, ". . . as a direct result of enemy action, or counter-action taken against the enemy, suffer injury or disease or aggravation thereof resulting in disability or death." I think we had some discussion on that point. The suggestion was that it might be wiser to say, "as a result of enemy action" rather than to say, "as a direct result of enemy action." That means that a sailor would almost have to be hit on the head by a torpedo.

Mr. MUTCH: The chairman of the commission gave evidence.

The WITNESS: I do not think there is any very great difficulty in that regard. There has not been a claim come before the commission for consideration, because not only does it say, "as a direct result of enemy action, or counter-action taken against the enemy," but it also says, "extraordinary marine hazards occasioned by the war." If a merchant seaman fell down a hatchway while the ship was in a blackout and that ship was on essential war business, he is covered and would be so considered by the commission.

Mr. GREEN: Where is that in the bill?

The WITNESS: It is in 5(e). The term was broadened in the later order in council.

The ACTING CHAIRMAN: Shall clause 7 carry?

Carried.

Shall section 8 carry?

Carried.

Shall section 9 carry?

By Mr. Green:

Q. Are the rates the same as under the Pension Act?—A. Yes, they are qualified. There are comparative rates for the officers and ratings as compared with the Pension Act.

Q. The amounts payable are the same for the corresponding rights?—A. Yes, the same schedule is used for the payment of pension.

The ACTING CHAIRMAN: Shall section 9 carry?

Mr. GREEN: I think you ought to at least read the explanatory note. That means a man must apply within a year. That does not give him very long in case of disability. Why is there that restriction?

The WITNESS: Mr. Green, your point was taken care of by a later order in council which you will see in subsection (2) of the same section.

Mr. MUTCH: I may say with respect to that that the committee deferred its decision on this particular clause for about a week until we got that information and then we unanimously concurred in leaving the cut-off date after we got that description of the practice and after we were made aware of the second order in council.

Carried.

The ACTING CHAIRMAN: Shall section 10 carry?

Carried.

By Mr. Green:

Q. What happens where the compensation payable under the Workmen's Compensation Act is not the same rate as would have been payable under the Pension Act?—A. There will be an adjustment. If he was entitled to pension under this Act and he did receive an award of compensation, and that award was less he could receive of the pension payable if he waived the compensation.

Q. Is that in the bill anywhere?—A. That is here.

Hon. Mr. MACKENZIE: It was in the order in council before. It has been redrafted for the express purpose. You will see it in the explanatory note.

The ACTING CHAIRMAN: Is clause 10 carried?

Mr. GREEN: Is that in the bill; and, if so, whereabouts is it?

The WITNESS: That is the administrative practice.

Hon. Mr. MACKENZIE: There was an order in council passed in 1922 which was never published but the department acted under the terms of it from year to year.

Mr. GREEN: These merchant seamen in certain cases might get compensation from the provincial Workmen's Compensation Board.

Hon. Mr. MACKENZIE: Yes.

Mr. GREEN: But the way this section is worded, if that compensation happens to be less than the pension they would get, then they cannot get the difference between the compensation and the pension. At least, I do not see anything in the section that covers that.

The WITNESS: If the disability arose out of enemy action or counteraction against the enemy, or extraordinary marine peril, he is entitled to compensation at the full scale provided in the Pension Act; so we would deal with his claim.

By Mr. Brooks:

Q. Which is more than the compensation paid by the compensation board?

—A. That is correct.

Mr. GUNN: Mr. Chairman, in this clause I think that the question is dealt with, or perhaps can be regarded as being dealt with, by the fact that these awards are based on the Pension Act itself and the Pension Act provides for the adjustment that is now being talked about.

The ACTING CHAIRMAN: Is clause 10 carried?

Carried.

Then clause 11.

By Mr. Brooks:

Q. Is there presumption of death if the man is reported missing and presumed dead the same as it was in the army? After a certain length of time, 6 months, is he then presumed dead? Is that the practice you follow?—A. We get advice from the department concerned and take the necessary action very much along the lines followed in the army.

The ACTING CHAIRMAN: Is clause 11 carried?

Carried.

Clause 12 has an amendment to it.

Mr. MUTC: After considerable consideration, Mr. Chairman, and the gathering of information through the courtesy of the pension Commission, your subcommittee recommends that in line 46 it shall be amended to read "In which the ship was registered or licensed or to which it was chartered." As you will see "or to which it was chartered" are the new words.

By Mr. Brooks:

Q. Suppose a man were receiving compensation from a foreign government. I know a case where he received compensation from Sweden, for instance; he was a Canadian lost on a Swedish ship. If there is a difference between what he receives from the Swedish government and what he should receive from the Canadian government, he gets the difference. Is that correct?—A. That is quite correct. If the Canadian national is serving on a ship of one of His Majesty's allies and an award is made by that country under whose flag the ship is sailing, then we recover that amount; or if he accepts the amount we capitalize that award and adjust the Canadian pension accordingly, so he benefits to the full extent.

Q. Would application have to be made within a year for that, Brigadier Melville? In the case I referred to the man was lost at sea about 3 years ago and I know that his mother received certain compensation, \$4,000 or \$5,000. Would she have to make further application?—A. Application would have to be made within a year unless as provided for, under the exception that is there.

Q. Within a year from the time of his death?—A. From the time that advice was received of the death, yes.

Q. This Act is new, is it not?

The ACTING CHAIRMAN: Yes.

By Mr. Brooks:

Q. Would it not be within a year from the time this Act was proclaimed? I mean, the dependents would know nothing about this Act and they probably would not know they would receive further compensation?—A. That is why there is subsection (2) of clause 9. It is within a year after the occurrence of death or disability in respect of which the pension is claimed but if they have no word and there has been no word—

Hon. Mr. MACKENZIE: "Pension is claimed" are the essential words.

The WITNESS: This subsection (2) would cover what you have in mind, Mr. Brooks.

Mr. MUTCH: Lack of knowledge or communication.

Mr. BROOKS: That, of course, is not lack of knowledge or lack of communication. It is lack of knowledge of the present Act and lack of knowledge of what their rights are under this Act. The matter I referred to happened 3 years ago, for instance, and they received compensation from the Swedish government, or at least his mother did. If they are prohibited from making further application on account of a 1 year's limit after his death, she would receive no further compensation, would she? I was wondering if that covers it, that is all, Brigadier Melville.

The WITNESS: That is provided for, as I say, in section 9, subsection (2), "The commission may, on special application in that behalf, extend the time within which an application for pension may be made", etc.

Hon. Mr. MACKENZIE: It is discretionary.

Mr. BROOKS: I think that would cover it.

Mr. MUTCH: It is designed to cover it.

The ACTING CHAIRMAN: Shall section 12 as amended carry?

Carried.

Shall Section 13 carry?

Carried.

Shall section 14 carry?

Mr. GREEN: Will you explain what this means, Mr. Chairman?

The ACTING CHAIRMAN: This has to do with detention allowances.

The WITNESS: I can explain that very briefly, Mr. Chairman, and put the figures on record. Wages were continued to crews of Canadian ships and Canadian nationals on ships of non-Canadian registry. Awards could be administered for eligible dependents and balances have been or are being remitted to the persons concerned. Provision had to be made to cover advances of what is called "embassy money" during the internment, advances made from various agencies during the period of repatriation and income tax. The number of merchant seamen interned was 125. The total allowances credited, including wages, war risk bonus and other remuneration, was \$655,418.18; and the amount paid out to date was \$565,310.99 in total, leaving a balance available of \$90,107.19.

At the meeting of May 3rd, Mr. Green, you asked a question as to how much of that money represented income tax which was being withheld for the time being. The figures are that it includes \$21,323.72 of reserve for embassy moneys and \$37,757.50 for income tax.

Mr. GREEN: That means that although these men were actually detained by the enemy, Canada goes on charging them income tax. Is that the idea?

The ACTING CHAIRMAN: I am afraid it is.

Mr. GREEN: That is what it means, is it?

The WITNESS: That is what it means.

Mr. GREEN: That seems to be going pretty far. I should like to know what some of the other members of the committee think about it.

Mr. MACDONALD: I must say that I, for my part, do not think that is right. Any merchant seaman in the hands of the enemy and who was confined in quarters which were not any too pleasant, I do not think should have to pay any income tax to the Canadian government during the period of his detention.

The ACTING CHAIRMAN: Shall we let the matter stand for a moment and see how we get on with the bill? Clause 14 stands. We will come back to it. Clause 15?

Mr. GREEN: Clause 15 will have to stand as it is on the same lines.

The ACTING CHAIRMAN: Yes, that stands.

Mr. GREEN: May I ask Brigadier Melville this? Do they deduct income tax when a man has died in captivity?

The ACTING CHAIRMAN: Take it easy.

Mr. GREEN: I should like to ask that question.

The ACTING CHAIRMAN: I do not think they have information on that.

Mr. GREEN: The brigadier may have.

The ACTING CHAIRMAN: No. He has not got it. As a matter of fact, he has just whispered to me that he has not got it.

Mr. GREEN: In the event of death, these allowances are payable to the state or the dependents. I should like to know whether there have been deductions made from the amount payable to the estate or to the dependents for dominion income tax.

Hon. Mr. MACKENZIE: We shall have to find that out.

The ACTING CHAIRMAN: They have not got that information. Clause 14 and 15 stand in the meantime. Then clause 16; this is the interpretation section. Clause 16 (a).

By Mr. Green:

Q. Could this be explained? Could we be told just what is meant by this? —A. I prepared a very brief statement, Mr. Chairman, which I think explains part 2. The present authority is order in council P.C. 44/1555 dated March 8, 1944. The awards granted were as follows: disability 10, \$4,068 and 3 death claims amounting to \$3,288. That is the annual liability. Claims not granted: 6 claims on account of disability and 1 claim on account of death. Those eligible: supervisors, helpers and headquarters staff of the Canadian Legion War Services Incorporated, Y.M.C.A., Knights of Columbus, Canadian Army Huts and Salvation Army. The period covered by this part is the date of embarkation from Canada to the termination of service in the navy, army or air force. The basis of entitlement: supervisors and helpers, as in the Pension Act; headquarters staff—that is headquarters staff in London—disability and death directly due to enemy action or counteraction taken against the enemy. The rates: schedules A and B of the Pension Act. For Supervisors: rates for captain (military), helpers: rates for lieutenant (military); headquarters staff: rates for lieutenant (military), but if responsibilities comparable with higher rank, rates for captain (military). Dependents are provided for as in the Pension Act.

Mr. MUTCH: If I might interrupt just there, with respect to these headquarters claims is it not a fact that no claims have been settled on the basis below the rank of captain?

The WITNESS: That statement is quite correct.

Mr. FULTON: Mr. Chairman, there is one feature of this definition which I do not think covers the case entirely. Both helper and supervisor must, by virtue of paragraph (a) and by virtue of section (c) have proceeded from Canada as helper or supervisor. In many cases personnel on the strength of the army, I know—and I presume of the navy and air force—who were already overseas as active members of those forces were subsequently discharged

while overseas and taken on the strength as helper or supervisor. I think under the present definition they would be excluded by virtue of the fact that they were already overseas instead of having proceeded overseas in that category.

Mr. MUTCH: Are not they provided for as former members of the services?

The WITNESS: Yes.

Mr. FULTON: If their injury or disability occurred after their discharge from the army and they have been taken on the strength as supervisors or helpers, I think possibly they would be excluded.

The WITNESS: They are fully covered. They went overseas as members of the forces. During the time they were overseas they were either seconded to auxiliary services or struck off the strength of the army to auxiliary services. They therefore proceeded overseas and they are fully covered by the provision of this part which is now under consideration.

Mr. FULTON: Certainly that was the intention, Mr. Chairman, but you see it says, for instance, under helpers, "And who proceeded from Canada for attachment to the Canadian naval forces", the Canadian military forces or the Canadian air forces. My point is that these persons did not proceed from Canada "for attachment to"; they proceeded "as members of" and were subsequently discharged, and then became helpers; so although I think the intention was to cover them, I think by the wording of this section the result may be that they will be excluded.

The WITNESS: I can only give the assurance that they would not be excluded.

Mr. BROOKS: I think that point is well taken.

The WITNESS: The commission has full responsibility for interpretation and, as I have explained, that is the manner in which their claims are dealt with.

Mr. MERRITT: It does not really matter what the statute says. That is what it comes down to, is it?

The WITNESS: I should not say that for one minute.

Mr. BROOKS: I think Mr. Fulton's point is well taken.

The ACTING CHAIRMAN: What do you think of that, Mr. Gunn?

Mr. GUNN: I am inclined to agree with Brigadier Melville that this clause takes care of the situation raised by Mr. Fulton. If there should be any doubt about it—and I do not think there is—perhaps it would be well to revert to the definition of supervisor that was used and approved by this committee in the supervisors bill. It is much shorter, as you will remember, and it reads like this: "Supervisor means a duly selected and approved representative of . . ." and it lists the organizations— ". . . who was attached to and served with the naval, military or air forces of Canada outside of the western hemisphere." That is all. That was considered by this committee to be sufficiently comprehensive to enable the supervisors to get all the rights and benefits that were given under this particular bill.

Mr. BROOKS: With all due respect to Mr. Gunn, I quite agree with Mr. Fulton; because you would read that "to assist supervisors and who proceeded from Canada for attachment as helpers or supervisors to the Canadian naval forces" and so on. That is what would be understood there, I am sure, according to the reading of section 16.

The WITNESS: I might say that the order in council was drafted by auxiliary services, so that they are responsible in that regard. This part you have now before you in the draft of the proposed bill merely makes similar provision.

Hon. Mr. MACKENZIE: Mr. Chairman, might I speak for a minute or two off the record?

The ACTING CHAIRMAN: Yes.
(Off the record).

The ACTING CHAIRMAN: Gentlemen, we are on clause 16(a). Mr. Brooks, I see here that the supervisors themselves felt that they were covered by it. Administratively the chairman states they are covered by it and we have enough faith in the chairman to take that, I think. On the record he has said they are covered by it, so I think we are all right.

Mr. BROOKS: That satisfies me.

Mr. FULTON: It would be an easy matter to cover that point.

The ACTING CHAIRMAN: What do you suggest, Mr. Fulton?

Mr. FULTON: By adding after "and who proceeded from Canada" the words "or who subsequently—"

The ACTING CHAIRMAN: Wait a minute, please.

Mr. FULTON: "Or who left one of the services while overseas for attachment to."

The ACTING CHAIRMAN: Wait a minute until I see this.

Mr. FULTON: "For attachment to."

The ACTING CHAIRMAN: I am under the impression you have something there, but I think the assurances we have had here from the chairman will cover it. They were quite happy about the order in council. As I say, the auxiliary services proposed it.

Mr. BROOKS: We have it on record.

The ACTING CHAIRMAN: Yes, we have it on record. Is section 16(a) carried, paragraphs (i), (ii) and (iii)?

Mr. GREEN: What happens in the case of an auxiliary service man who has been injured in Canada or suffers disability in Canada?

The ACTING CHAIRMAN: They are not covered.

The WITNESS: There is no provision for auxiliary service personnel who served in Canada.

The ACTING CHAIRMAN: We had a letter from the Legion yesterday that was read by the chairman, or maybe it was the day before, asking that that be given consideration at some appropriate time, if you will remember.

Mr. GREEN: This is the appropriate time right now. Could we have that submission?

The ACTING CHAIRMAN: There was a letter from the Legion dealing with that, yes.

Mr. MUTCH: There were four cases.

The ACTING CHAIRMAN: The letter reads as follows:—

While the civilian war pensions bill is under consideration we felt that consideration should be given to the comparatively few auxiliary services supervisors who suffered injury or ill health in the course of their duties while serving the armed forces in various camps throughout Canada. I know that Canadian Legion War Services has one or two individual cases where permanent disability exists, for which there is no provision of any kind.

I do not know whether the subcommittee gave consideration to this group. It should be pointed out that they received no gratuity or retiring allowance, and were not entitled to compensation or assistance of any kind when for health reasons they were released. This group of war workers, carrying on under military discipline, would appear to be as worthy of consideration as other groups considered by the committee.

It opens a very wide question, gentlemen. We have covered a great number of people.

Mr. MUTCH: There is only one comparable group, really, and this group were not considered by your subcommittee. As a matter of fact, I did not know they existed as a separate group until I was told by a representative of the Legion a few minutes before that letter was drafted. The only group which is comparable at all, I think, are the 66 V.A.D's who served in Canada. A considerable portion of them subsequently retired and went overseas under the auspices of the Red Cross. I do not know whether that affects it at all or not. As far as this proposed legislation is concerned, the only comparable ones are the 66 V.A.D's.

Mr. GREEN: What about the A.R.P. workers?

The ACTING CHAIRMAN: There is something dealing with the A.R.P. workers in the third report.

Mr. MUTCH: They come in towards the end of this bill. We made a separate recommendation with respect to disabilities in regard to them.

Mr. GREEN: Is there any reason why these men who were actually with the forces should not get the same treatment in Canada as the men in the forces did where they are disabled?

Mr. MUTCH: I do not think they are excluded.

The ACTING CHAIRMAN: One of the reasons that appeals to me at the beginning is that they were not medically examined in the same way as were the other people who were in the forces. They came in and sometimes you had quite an old man sent to you, an elderly man. He may be well or he may not be well; I do not know. We had some who were not well at all, who could not stand it and went back. I do not know what their circumstances were. In any event, there are not very many. We open a very wide field. I think perhaps the organization might do something. They know their circumstances better than we do and they might do something for them. We are not avoiding responsibility, but we have not anything to go on.

Mr. BLAIR: Some of these people probably tried to get into the army and could not pass the physical fitness test.

The ACTING CHAIRMAN: That is probably so.

Mr. WOODS: There were a number who tried to enlist and were rejected by the army. They would not accept them because they did not come up to the physical standards.

Mr. BROOKS: That applies to some of the elderly men, some whose health was not very good.

The ACTING CHAIRMAN: That is true. We had a few. Is clause 16 (a) carried?

Carried.

Clause (b)?

Mr. GREEN: Why is there that distinction made between those in the headquarters staff, the helpers and supervisors

The WITNESS: Because that was drafted by the auxiliary services themselves. It was their recommendation.

Mr. WOODS: You mean the Department of War Services.

The WITNESS: The Director of Auxiliary Services.

Hon. Mr. MACKENZIE: Well, on their recommendation.

The ACTING CHAIRMAN: Is clause (c) carried?

Mr. FULTON: Did the chairman of the subcommittee have something to say?

Mr. MUTCH: Yes.

The ACTING CHAIRMAN: Carried.

Mr. FULTON: On (c) could we have the same assurance from the chairman of the commission as we had with respect to helpers? Could we have the same assurance with respect to supervisors that their case was covered?

The WITNESS: Definitely.

The ACTING CHAIRMAN: It is getting more definite as we go along.

Mr. WOODS: That is the shortest speech on record.

The ACTING CHAIRMAN: Yes. Is clause (c) carried?

Carried.

Clauses 17, 18, 19, 20, 21, 22 carried.

Clause 23:

Mr. GREEN: Could we have an explanation of clause 23?

The WITNESS: Clause 23 is very brief, gentlemen. All that does is to make provision whereby the commission examines and determines entitlement, and assesses the degree of disability in cases of members of the R.C.M.P. referred for consideration. We have the facilities to do it and assist them in that regard.

Mr. GREEN: You do not have anything to do with the amount that is paid?

The WITNESS: No. That is provided under their own Act.

Mr. KIDD: Before you leave that, I do not know whether this will come under that clause or not, but I have had one or two cases of R.C.M.P. This has to do with R.C.M.P. pension when they leave the service. I think it is up to the committee to do something for them.

The ACTING CHAIRMAN: With pensions?

Mr. KIDD: No. I will make this clear. These men left the service, like men in the army, and when they left the service the pension stopped and they came back and were not put on the civil service strength again. These men are veterans of this war. If this committee does not look after them I do not know where they can go. The Minister of Justice has sort of given them the cold shoulder.

The ACTING CHAIRMAN: I do not know whether you were present or not, but a resolution was introduced in the committee, I think by Mr. Green. It was endorsed by the committee and I understand the matter is under consideration. Mr. Martin said in the House that it is under consideration by the Cabinet at the moment.

Hon. Mr. MACKENZIE: That is correct.

Mr. KIDD: That is, the three services?

The ACTING CHAIRMAN: That is right.

Mr. MUTCH: That has already been done.

The ACTING CHAIRMAN: Is Clause 23 carried?

Carried.

Clause 24?

Mr. GREEN: Could we have an explanation of clause 24?

The WITNESS: This part V provides for special constables and guards employed by the Royal Canadian Mounted Police and who were mounting guard at vulnerable points during the war. Basis of entitlement is disability and death suffered as a direct result of the performance of duties as special constables. The rates are based on the rates of pay and allowances as provided under the Royal Canadian Mounted Police Act. The dependents provided for are widow and children. As to the time limitation: they must apply within a year of the termination of service or death. At the present time 8 awards are in payment. Annual liability, \$2,025.

The ACTING CHAIRMAN: Carried?

Mr. GREEN: How many applications have been rejected?

The WITNESS: 14 for disability, 5 for death.

By Mr. Brooks:

Q. This only applies to the period of the war?—A. That is quite correct.

The ACTING CHAIRMAN: Shall the clause carry?

Carried.

Clauses 25, 26, 27, 28, 29. Carried.

Mr. FULTON: By way of clarification, were these special constables employed and paid as special constables or were they paid at army rates of pay?

The WITNESS: I have not got that information. Special rates of pay were provided.

The ACTING CHAIRMAN: Special rates of pay? That is correct.

The WITNESS: I am advised definitely they were in receipt of special rates of pay by the R.C.M.P.

Mr. FULTON: This whole part makes provision for pension to be payable to them at the rates applicable to the R.C.M.P., but it appears they were paid rates which, I presume, were approximately equal to army rates, and higher. I wonder if that should not be carried forward, and their pensions for disability which are due to service in the war be paid at rates commensurate with those paid to soldiers?

Mr. BAKER: You could not very well go beyond the rates actually in R.C.M.P., otherwise you would be paying a non-permanent in the force above permanent force employees.

Carried.

The ACTING CHAIRMAN: Shall section 31 carry?

Mr. GREEN: In section 31 there is an iron-clad time limit of one year. The commission is not given any discretion at all to extend the time, and I suggest there should be some discretion such as is contained in section 9.

The ACTING CHAIRMAN: I think you are right. The commission should have that discretion. There is no reason why they should not, subject to the same conditions as are set out in section 9.

Mr. GREEN: Perhaps the section should not be worded exactly the same because section 9 refers to not hearing of the death for a time.

Mr. Mutch: Subject to discretion.

Mr. Brooks: It appears in the last part of 9(2) (b), "the commission may."

Mr. GREEN: A general discretion.

The WITNESS: That might mean that thirty years from now a claim might be made.

Mr. Brooks: It is at the discretion of the commission. The commission might say that thirty years is too long. I imagine they would.

The WITNESS: They might not like our discretion; why not qualify it as in clause 9(2)?

The ACTING CHAIRMAN: The commissioner has something there. If you read clause 9(2) (a) "lack of communication facilities prevented a person from making an application within the time limited by subsection one of this section". Why not leave it? It gives that discretion to limit it a bit. I think that is fair.

Mr. Mutch: Subject to the provisions of clause 9(2).

The ACTING CHAIRMAN: Shall section 31 as amended carry?

Carried.

Shall section 32 carry?

Mr. GREEN: Why is that restriction put in there?

The WITNESS: It is the same provision as in the R.C.M.P. Act.

Mr. GREEN: That is what I thought. I do not know why these men should be tied down to the R.C.M.P. Act. They are, after all, in a little different category. This is a provision which is certainly not seen in any veteran legislation. Suppose a man has a dependent sister? It is going too far. I do not think we should be that tough to these men.

The ACTING CHAIRMAN: We are not tough with these people. They took service in the R.C.M.P. for a good reason, and we treat them the same as the country treats the other R.C.M.P.'s except that we give them special pay.

Mr. GREEN: I am afraid some of these regulations are drawn by the R.C.M.P., and they are pretty tough on their men. In fact, they are far tougher than the members of the House of Commons think they should be. I do not think there is any dissenting voice on that. Why we should be obliged to carry this against the security guards, who are only there for the period of the war, I do not quite see.

Mr. BROOKS: Would it not be confined to classes of people in the R.C.M.P. for administration purposes?

Hon. Mr. MACKENZIE: That is it.

Mr. MUTCH: They are all a privileged group. They have more pay than the R.C.M.P. who did comparable work. If you give them further advantages you afford further discrimination which is not desirable.

The ACTING CHAIRMAN: Shall section 32 carry?

Carried.

Shall section 33(a) carry?

Mr. GREEN: Could we have an explanation of this?

The WITNESS: Air raid precaution worker—physical injury resulting in serious and prolonged disability (not less than 20 per cent) or death arising out of and in the course of duties as such as a direct result of enemy action or counter-action or action in apprehension of enemy attack or during authorized blackout, test or training.

Evacuation worker—injuries arising out of and in the course of duties as an evacuation worker.

Rates—special schedule on two-thirds basis of Pension Act schedule rates or approximately provincial Workmen's Compensation rates.

Dependents—widows and children. If no widow or child, dependent parents eligible to apply.

There are at present five disability awards; liability, \$1,272; one death, \$720; claims considered and not granted by the commission, one on account of disability and one on account of death.

Mr. ADAMSON: There were only six claims altogether and one death?

The WITNESS: That is right.

Mr. ADAMSON: In what area did the death occur?

The WITNESS: I am sorry; that information is not available.

The ACTING CHAIRMAN: Shall section 33(a) carry?

Carried.

Shall section 33(b) carry?

Mr. PEARKES: Why is that particular area selected? Were those blackout tests carried out anywhere else—in Winnipeg or elsewhere?

The WITNESS: I was not here at the time, but there is a very extensive order in council. The subject was given very serious consideration, and these indicated areas were set up probably because they were heavy industrial centres in some instances—and also on the Atlantic and Pacific seabords.

Mr. HERRIDGE: There is the city of Trail, which is the centre of a heavy industrial area and which had an A.R.P. organization carried on in exactly the same way as did the coast organizations. I do not see why an area like that should not be designated in the same way.

The ACTING CHAIRMAN: I notice that they designated both coasts, and the very large cities, including our own area here, the Ottawa-Hull area.

Mr. MUTCH: There is a further provision, General Pearkes. If the Treasury Board at any time prior to the coming into force of this Act designated another area—they are not all mentioned specifically—such other area which was designated is covered by this Act. My assumption at the time was, whether it is correct or not, that those areas were organized for the purpose of blackouts and that was done by designation. I may be wrong. If that is not correct we should know.

Mr. PEARKES: Mr. Herridge referred to Trail. That was an area which was more or less protected and they did carry out blackout tests, and the importance of the smelter there gave the military authorities some considerable concern.

The WITNESS: These points, I am sure, are all fully appreciated. The fact remains that practically no claims have arisen, and those which did arise were dealt with. Had anything happened in any other area I am quite sure the government would have declared the area, and provision would have been made.

Mr. ADAMSON: In the Sault Ste. Marie area they had a balloon barrage and they had a very considerable amount of anti-aircraft protection for some years and a very heavy garrison of American troops, both on our side and on the American side. I wonder why Sault Ste. Marie is not covered?

Mr. MUTCH: That is definitely a military area, the same as Arvida. The defences were maintained by the armed forces of both countries, not by civilian personnel.

Mr. BROOKS: I think these represent centres of areas, as Saint John might represent the whole of New Brunswick, and Halifax the whole of Nova Scotia, and Toronto might represent an extensive area in Ontario.

The ACTING CHAIRMAN: Mr. Herridge, do you not consider yourself as part of the Vancouver area?

Mr. HERRIDGE: No. There should be some precise mention.

Mr. MERRITT: We have passed over these auxiliary service personnel who were injured in Canada, and I understand that there are five or six who have suffered some permanent disability and are not being given any consideration. I understood that we had passed them over on the ground that they did not have the same medical examination as people in the armed forces. I do not suppose the A.R.P. workers had any better examination than the supervisors who are getting some limited form of pension. I believe we passed them over rather hurriedly. I do not know anything about the facts, but if there are five or six of these people permanently disabled why could not these limited exceptions be extended to them?

The ACTING CHAIRMAN: This is the result of enemy action or counter-action against the enemy.

Mr. GREEN: Oh, no, it is wider than that.

Mr. MERRITT: It includes training.

The ACTING CHAIRMAN: In the course of his duties as such.

Mr. MERRITT: "... apprehension of enemy attack or during a blackout, test or period of training duly authorized by the senior aid raid precautions officer in the designated area. . ." apprehension of enemy attack is a very wide provision. I only use that for the purpose of comparison. Here we have the case where a certain class is being given a limited pension in view of the fact that their service was not commensurate with the service of the soldier. That seems to me to be rather a comparable case with these auxiliary service supervisors; and if there are five or six of these people who suffer some permanent disability then it seems rather a shame just to pass them up on the ground that their medical examination was not as strict as that of others, because in these five or six cases it might be possible to say that the injury they suffered had nothing to do with their physical condition. I suggest we give some consideration to giving them some rates under some provision just as we have in the case of these others.

Mr. Mutch: Without going back to the other instance but taking issue directly with the present comparison, these people in this section did, in certain areas, undergo training and did perform tasks which were additional to their ordinary tasks. In some degree it has been recognized in the draft bill that there were special hazards. Furthermore, they were doing this at the request of the government of Canada who did organize under an administrator or organizer of air raid precaution defences in Canada. I am only attacking the comparison; I am not saying that nothing should be done for these five or six supervisors who have been mentioned. I do not think there is any comparison between that section and this one. I do not think this section has very much to stand on except the fact that these people were doing this as a patriotic duty; the other people were the civilians. Please let me make myself clear; I am not attacking the suggestion that something should be done for supervisors but I think the basis of comparison is not sound because these supervisors were civilian employers and civilian organizations performing civilian duties without being summonsed to the service of the government. I do not think they should impinge on what happens to the A.R.P.

Mr. MERRITT: I do not know what happened to these people who have made claims. For instance, one of these people was a man who was physically unfit, he could not serve overseas, but he was knocked down by a truck coming out of Petawawa camp. That would not have anything to do with this physical condition on enlistment. Perhaps my point would be covered if the chairman of the Board could tell us what these claims were, and if any of them did arise out of accidents—injury rather than disease? Perhaps they could be covered.

The ACTING CHAIRMAN: With regard to these four or five claims?

Mr. MERRITT: Yes.

The ACTING CHAIRMAN: We know nothing about them. There are such people in existence, but we know nothing of the details. The chairman of the commission does not know, because no details were brought in. Suppose we ask for that information and we will get it to-morrow before we finish with this matter?

Mr. MERRITT: It will satisfy me if we can find out how those claims arose.

Mr. GUNN: The hypothetical case that Mr. Merritt has raised would likely result in a claim by that individual on the Crown and would very likely be disposed of either by a settlement or by a fiat to allow him to sue the Crown.

Mr. MERRITT: The chairman said that the matter would be looked into; that satisfies me.

Mr. Mutch: Speaking on the point that Mr. Gunn has raised, has not the Exchequer Court ruled that it is not necessary for an individual to get a fiat to sue the Crown for damages? I recall the case of a motorist who had difficulty with the Crown. Am I correct in that?

Mr. GUNN: I am not prepared to give you an offhand opinion on that.

The ACTING CHAIRMAN: I should say offhand that Mr. Mutch is wrong; that a fiat is still necessary.

Shall 33 (b) carry?

Mr. PEARKES: I am not satisfied with regard to the areas.

Mr. FULTON: Why is it the Treasury Board?

The ACTING CHAIRMAN: I assume that at that time they were very careful to limit their liability because they did not know how far the A.R.P. would go, and they did it on a limited responsibility.

Mr. PEARKES: The point is that unless somebody is in a position to say that the designated areas were all designated by the Treasury Board no area that was not designated by the Treasury Board had A.R.P. workers in it. If that is so I will ask that this subsection stand. It is, after all, a military consideration, and if the army also had power to declare a designated area and asked civilians to set up A.R.P. organizations, I do not see why those civilians should not be covered.

The ACTING CHAIRMAN: We will let the matter stand until we get some information.

Clause 33 (b) stands.

Shall clause 33 (c) carry?

Carried.

Shall clause 33 (d) carry?

Mr. GREEN: That will have to stand because it refers to the designated areas. The injuries are all in the past. The time has expired and there are no new commitments.

The ACTING CHAIRMAN: The point is that I do not know what it covers. I have not seen the order in council. I thought it had been agreed that we take a look at these matters first.

Mr. BROOKS: Section 33 (a) will have to stand too.

The ACTING CHAIRMAN: Clause 33 will stand in its entirety.

Clause 34 carried.

Clause 35 carried.

Clause 36 carried.

Clause 37(1) carried.

Clause 37(2) carried.

Clause 38 carried.

Shall clause 39 carry?

Mr. MUTCH: I move that we delete No. 39.

Mr. FULTON: As regards clause 38, is not that the only occasion on which that provision is incorporated into the Pension Act? This is a provision, as I understand, for a deduction from the pension of any man which may be payable by way of baby bonuses or unemployment insurance.

The ACTING CHAIRMAN: The baby bonus is not a pension.

Mr. FULTON: No, but it is an amount payable out of public funds for the maintenance of a dependent. As I understand this section it provides for a deduction from a pension of any such amount so paid. I think that is new in pensions legislation.

The WITNESS: We find that it never happened in connection with any claims.

Mr. FULTON: I do not know how other members of the committee feel, but is that a good thing under pensions legislation?

Mr. MUTCH: Perhaps Mr. Gunn could tell us if that is the effect.

The ACTING CHAIRMAN: Certainly, I do not think it would affect family allowances.

The WITNESS: Family allowances definitely are not affected by any award made under the provisions of the Pension Act.

Mr. GREEN: This is a special Act. I would like to have Mr. Gunn's opinion.

Mr. GUNN: I should think, Mr. Chairman, that the Canadian Pension Board in the interpretation of such a section would be governed by the provisions of the Pension Act itself read in the light of this particular section. It is certainly not inconsistent with the Pension Act, but under that Act provision is made whereby adjustments can be made where moneys from two or more sources are payable as the result of disability or death. Examples of that are, perhaps, cases of where people have been injured by motor cars or military trucks which gave rise to claims for damages against the Crown or against private parties.

Mr. FULTON: Mr. Chairman, I think I am right in saying that in the case of a married pensioner the child receives an extra amount under the Military Pension Act?

The ACTING CHAIRMAN: Yes.

Mr. FULTON: Under section 38 if the pensioner has a child and is in receipt of the family allowance, the amount of his pension would be deducted—at least the amount of the family allowance would be deducted from his pension.

The ACTING CHAIRMAN: Will you look at section 3?

. . . all the provisions of the Pension Act not inconsistent with this Act shall, with such modifications as circumstances may require, apply to every claim under this Act.

. . . adjudicated upon in like manner as claims under the Pension Act. . . .

Mr. FULTON: Where they are not inconsistent with this Act. We might have a section in this Act which is inconsistent with the Pension Act. Section 38 is a section which covers this matter. This section is introducing a new principle in pension legislation, which I do not think should be there.

The WITNESS: The clause says, "The commission may, in its discretion"; and very definitely the commission would not make any deduction for allowances awarded under the Family Allowances Act.

Mr. KIDD: I have one case in mind with regard to the widows' allowance. The widow has the privilege of earning up to \$125. If she earns more that is deductible. I have a case in my hand. She gets \$30 a month or \$364 a year. She is permitted to earn \$125. If she earns more the Pension Board deducts \$360 from her earnings. That is in twelve months. Now, suppose next year she goes into hospital and she is there for six months and the hospital charges her \$3 a day and she is allowed only \$1, she has no additional income. I say that her deduction should not be made on a twelve-month basis but on a fixed period of two or three years. The next year she has a liability. I hope my case is clear.

The WITNESS: I think your case is quite clear, but there is no reference made to the Pension Act. What you have reference to is an award payable under the Mothers' Allowance Act of the province of Ontario, and they have their own regulations.

Mr. KIDD: This has to do with the War Veterans' Allowance Board.

The WITNESS: The War Veterans' Allowance Board have certain provisions in their Act that do not apply to the Pension Act. It does not come within the scope of our problem to-day. I suggest that you take the matter up with the chairman of the War Veterans' Allowance Board.

Mr. FULTON: Section 38 brings in a new provision in that it gives to the chairman of the commission and the commission the discretion to deduct from any additional pension payable in receipt of dependents an amount received from other sources in respect of that dependent. The chairman of the commission has said they would not make certain deductions because they would not have to; it is discretionary. The point I am making with regard to the section is that I think it is bad legislation to introduce an objectionable principle, and I would move—

The ACTING CHAIRMAN: Do you mind waiting a moment? I am told that that is not a new section at all.

Mr. FULTON: It is a Privy Council order, but it is not in any other pension legislation that I can think of. I move that the words be struck out of this Act.

The ACTING CHAIRMAN: Do you mind letting that stand? The chairman of the commission wants to look into it and see what effect it has.

Mr. FULTON: Very well.

The ACTING CHAIRMAN: Section 39?

Mr. MUTCH: Section 39 has been recommended for deletion after consideration and in consideration of a report which we received from the chairman of the commission. It is brief. Perhaps the committee would like to hear it. It is obsolete.

The ACTING CHAIRMAN: If it is obsolete there is no question about it; it stands deleted.

Shall section 39 carry as deleted?

Carried.

Shall section 40 carry?

Carried.

Shall section 41 carry?

Mr. LENNARD: Why is there a restriction there with regard to a child born after more than nine months? Often children are born after nine months. I do not know what the medical term is, but it is not unusual for a child to be born after the nine months' period because of some irregularity.

The ACTING CHAIRMAN: I will ask our expert, Dr. Blair, to explain that.

Mr. BLAIR: I think you had better leave that alone.

The ACTING CHAIRMAN: We had better leave that alone, the doctor says. Carried?

Mr. GREEN: There is this about it, Mr. Chairman. Why do you put in a provision such as that which means that an allowance can only be paid in respect of a child born before the injury was received? That again is an entirely new departure in pension law and I submit that even if the child is born five years after the injury is received, the allowance should be paid for that child. It is paid in every other case in respect of the new war. There is no time limit at all. Why should there be that restriction?

Mr. MUTCH: That does not conform with the present pension legislation.

Mr. BLAIR: That man might be dead and a child might be born six months later.

Mr. FULTON: Louder, please.

Mr. BLAIR: There is a possible clause there that might interfere.

Mr. GREEN: This is in effect saying that a man can only get an allowance for children he has at the time he is injured. I should like to know why that restriction is applied again an A.R.P. worker. I do not think that this section, as drawn by the Department of Veterans Affairs, should have that restriction.

The WITNESS: There is nothing more I can say. As far as I understand it, in my study of the orders in council, there were definite limitations and

restrictions for this particular group. There was a limitation in so far as the schedule of rates are less than those in the Pension Act and there are restrictions in so far as dependents were concerned.

Mr. GREEN: These orders in council were drawn in a hurry to meet new conditions. Now we are trying to get them all on the same basis and I suggest it is unfair to discriminate against an A.R.P. worker in the way this does.

Mr. MUTCH: It is discriminating against the child, not against the worker, if we are discriminating at all. It is not against the worker.

The ACTING CHAIRMAN: Mr. Gunn has something to say on that.

Mr. GUNN: Mr. Chairman, I do not think I need to state to you or to any other lawyer members of the committee that this award is in the nature of an award for damages of a kind that would be given by a court. These people are civilians working without pay who possibly sustain injury or death while they are working. I think every lawyer here will agree with me that courts do not ordinarily give damages with respect to unborn children.

The ACTING CHAIRMAN: That is right.

Mr. GUNN: And the 9 months provision is entirely to take care of the child whose mother is enceinte at the time of the injury.

Mr. GREEN: Why do you argue that this is similar to a damage action with respect to the A.R.P. worker and not for the other groups of people who are covered by the Act? Surely he is in exactly the same position as a security guard?

Mr. GUNN: Those men are paid. Perhaps that is one distinction. These people were not paid; they were voluntary workers, doing their little bit without pay. That may be part of the distinction. I am not sure as to the policy behind it.

Mr. MERRITT: I must say that may have been the reason for the insertion of the clause, but I do not think it stands up. It is called a pension.

The ACTING CHAIRMAN: Let us pass over it. In view of the order in council, let us let it stand. We will get that and I will find out more about it.

Clause 41 stands.

Shall clause 42 carry?

Carried.

Shall clause 43 carry?

Mr. GREEN: What about the distinction there again?

The ACTING CHAIRMAN: Well, is there really any reason why they should not stay within that limit in the A.R.P.?

Mr. MUTCH: There are not going to be any more.

The ACTING CHAIRMAN: No. Shall clause 43 carry?

Carried.

Shall clause 44 carry?

Carried.

Shall clause 45 carry?

Carried.

We now come to clause 46—civilian government employees (war).

By Mr. Fulton:

Q. What is the object of this?—A. The present authority is contained in orders in council which are quoted in the explanatory notes. Eligible: employees of Canada sent from Canada on duty; employees of Canada on air flights necessitated by the war; and employees of Canadian crown companies whether

serving with or without remuneration. Basis of entitlement: physical injury due to enemy action or counteraction sustained outside of Canada; physical injury sustained as a direct result of an air flight if in course of duties or when flight necessitated by war.

Q. Does that include air flight in Canada?—A. In Canada, yes. Continuing: leave of absence with pay up to 180 days if illness due to war injury. Rates: schedules A and B of the Pension Act at comparable ranks, based on salary ranges. Dependents: as in Pension Act. The situation as at 31st May, 1946 is that there are no disability awards in payment. There are 6 death awards in payment at an annual liability of \$5,104. Of these, 4 were lost on board a ship which was torpedoed; they were government employees. Claims not granted, 2 disability and no death claims.

The ACTING CHAIRMAN: That is pretty clear. Shall clause 46(a) carry? Carried.

Clause 46(b).

Mr. GREEN: It does not apply to injuries received in the future?

The ACTING CHAIRMAN: No.

The WITNESS: No.

The ACTING CHAIRMAN: Is clause 46(b) carried?

Carried.

Shall clause 46(c) carry?

Mr. WINTERS: How about civilians who were travelling for private companies, or on behalf of private companies at the request of the government to produce munitions, or something like that?

The ACTING CHAIRMAN: It would be at their own risk, I think.

Mr. WINTERS: I wondered about that.

Mr. FULTON: Lines 10 to 15 on page 13 I think would cover that.

The ACTING CHAIRMAN: What is that?

Mr. FULTON: "And includes a salaried person directly providing services to the government of Canada when his employer is reimbursed by the government of Canada."

The ACTING CHAIRMAN: Yes, that may be covered.

Mr. WINTERS: It may or may not.

The ACTING CHAIRMAN: It may or may not.

Mr. GREEN: The explanatory note says the intention is to authorize payment of pensions to persons, although not regular employees of the government, whose services are loaned to the government for war work.

The ACTING CHAIRMAN: But actually that is not what Mr. Winters said.

Mr. WINTERS: Not on loan to the government. I am thinking of a case—

The ACTING CHAIRMAN: He may be an employee of a firm which has a contract with the government.

Mr. WINTERS: I was thinking of a boy going overseas where the ship was torpedoed and he was going over to get information in regard to a munitions contract, but it was private business, to all intents and purposes.

Mr. MUTCH: Actually, we had private contractors.

The ACTING CHAIRMAN: I am afraid he takes his own risk under this Act.

Mr. MUTCH: I do not know whether any were torpedoed on that ship that went down, but it is conceivable. That is the case you are thinking of?

Mr. WINTERS: Yes.

The ACTING CHAIRMAN: I think it would be under the Workmen's Compensation Act, not under the Pension Act.

Mr. WINTERS: They are not covered under this?

The ACTING CHAIRMAN: No, I do not think so. Is clause 46 (c) carried?

Carried.

Is clause 46 (d) carried?

Carried.

Clauses 47, 48, 49 (1) and 49 (2) carried.

Mr. PEARKES: On clause 49 (3) I am not quite certain which deputy minister it is referring to: and I do not know why the Treasury Board should set itself up above the deputy minister to decide what the pension should be.

The WITNESS: Because, I imagine, in the case of a dollar a year man there was some difficulty in setting up a salary. If there was any dispute, there had to be a final authority and that final authority is provided for in this subsection.

Mr. PEARKES: Is that the right final authority? Is the Treasury Board the right final authority?

The ACTING CHAIRMAN: They have the money, and that seems to be a good argument.

Mr. MUTCH: They would know what he was worth.

The ACTING CHAIRMAN: Shall clause 49 (3) carry?

Carried.

Shall clause 50 carry?

Carried.

Shall clause 51 carry?

Carried.

Shall clause 52 carry?

Mr. MUTCH: There is a misprint there.

The ACTING CHAIRMAN: Yes, there is a misprint. It should be "schedules A and B".

Mr. MUTCH: "Schedules I and II of this Act" should be taken out and "Schedules A and B of the Pension Act" included.

The ACTING CHAIRMAN: Yes. Is clause 52 as amended carried?

Carried.

We now come to Part VIII, South African Military Nursing Services.

The WITNESS: They are specially provided for by another Act, so it should be deleted.

The ACTING CHAIRMAN: We have another Act for that?

The WITNESS: Yes.

The ACTING CHAIRMAN: Clause 53 is on the South African nurses. They are deleted. We have another Act for that.

The WITNESS: All of it is deleted.

The ACTING CHAIRMAN: All of that part VIII is deleted.

Mr. MUTCH: Yes, all of part VIII is deleted.

The ACTING CHAIRMAN: And the bill renumbered accordingly. Is that carried?

Carried.

The WITNESS: Part IX is intended to provide for men who were called up and who at the time of examination were found to have possibly some disability which prevented their enlistment. They were advised to have treatment carried

out and that treatment was provided for by the services. If any disability resulted from that remedial treatment, there is provision here for pension. The actual state of affairs at 31st May, 1946, is that there were 2 disability awards in payment at an annual liability of \$360. There are no death awards. With regard to those not granted, there was only one claim for disability which did not meet with the provisions of this part. Those eligible are persons who accepted and underwent treatment with a view to serving in the forces. Basis of entitlement: disability or death arising out of or directly connected with such treatment. Rates: the schedule rates of the Act: Dependents: as provided for in the Pension Act.

Mr. BLAIR: What were those two disability awards, or what were the conditions under which they were awarded, if I may ask?

The WITNESS: I am advised they were hernia operations and there was some slight resultant disability for which pension was awarded.

Mr. BLAIR: If a man had a hernia beforehand, was operated on and it did not turn out so well, why should he get a pension?

The ACTING CHAIRMAN: Because some of you doctors did not do such a good job.

Mr. MUTCH: Aggravation. The pension is for aggravation.

Mr. BLAIR: It is not aggravation.

Mr. MUTCH: Let us not take it away. There are only two of them.

Mr. GREEN: I think it is a fair provision.

The ACTING CHAIRMAN: It is a fair provision, but it does go a long way. I do not know anyone who is not covered. Every possibility is taken care of. In the case of a man who tries to get into the army, we undertake to do his operation and if he is not feeling as well afterwards we say, "Well, we think it is our fault." It is quite all right, but it is going a long way.

Mr. GREEN: But he has to prove that it arose directly out of the treatment that he got.

The ACTING CHAIRMAN: Yes.

Mr. MUTCH: There is no suggestion that we take it out. Let us carry it.

The ACTING CHAIRMAN: No, there is no suggestion to take it out. Shall clause 56 (a) carry?

Mr. GREEN: There is one suggestion in that matter which I should like to make. It is a question of drafting. At the very end of each of these sections 56 and 57 we find the words "as if the person had been a member of the forces." I do not think they fit in that subparagraph (c). I think they should be put up after the word "military" in the third line of the section.

The ACTING CHAIRMAN: What do you suggest, Mr. Green?

Mr. GREEN: I think what you are trying to say is that pension shall be awarded in accordance with the rates set forth in schedules A and B of the Pension Act for lieutenant (Military) as if the person had been a member of the forces to or in respect of persons who—as described in (a), (b) and (c).

Mr. MUTCH: You want to strike it out in the other two places and put it in there?

Mr. GREEN: Yes. I think that in the place where it is now, it has no connection at all.

The ACTING CHAIRMAN: What do you think of that, Mr. Gunn? How does that appeal to you?

The WITNESS: Mr. Gunn has not had much opportunity to consider that. I may say that the order in council and this draft of the proposed bill were submitted to Justice. They were vetted by the law officers of the crown and approved in the present form.

Mr. GREEN: But that does not say they are right.

The ACTING CHAIRMAN: There are a couple of strikes on you, anyway.

Mr. MERRITT: It is quite obvious to me, Mr. Chairman, that when it was originally passed those words "as if the person had been a member of the forces" should have been put where Mr. Green suggests or simply detached from section (c) and added at the bottom.

Mr. GREEN: Yes.

Mr. MERRITT: So they would apply to (a) and (b).

The ACTING CHAIRMAN: What do you say, Mr. Gunn?

Mr. GUNN: I am inclined to agree with that.

Mr. MERRITT: It is obviously a drafting mistake.

The ACTING CHAIRMAN: Mr. Gunn agrees. Everyone agrees. So shall the clause as amended carry?

Mr. MUTCH: Carried as amended.

Mr. BLAIR: Was there any period when men were taken in with hernia under clause (a),—deliberately taken in afterwards?

Mr. MUTCH: They gave them an agreement that they would enter if the operation was successful. That was the consideration under which they were operated on; but they were not attested until after the operation.

Mr. BLAIR: They were in uniform. There was a period in which these men were in uniform.

Mr. MUTCH: I have no knowledge of that. But they were taken in, operated on and taken down from the hospital to be attested as soon as they were out.

The ACTING CHAIRMAN: All right. Shall clause 56 carry?

Mr. WINTERS: Before you carry clause 56, why was the rate set at "lieutenant (military)" for this?

Mr. GREEN: Lieutenant and private are at the same rate.

The WITNESS: They had no rank and private to lieutenant is the same pension vote.

The ACTING CHAIRMAN: Shall clause 56 carry?

Carried.

The ACTING CHAIRMAN: Shall clause 57 (a), (b) and (c) carry?

Mr. FULTON: As amended.

The ACTING CHAIRMAN: Is clause 57 as amended carried?

Carried.

Shall Schedules I and II carry?

Carried.

Shall the title carry?

Carried.

Mr. MUTCH: Mr. Chairman, before you proceed—

The ACTING CHAIRMAN: Just a minute, Mr. Mutch. Shall the preamble carry? We are not finished with the Act.

Mr. MUTCH: No, you are not through with the Act yet. Before you proceed to go any further, I should like to draw to the attention of the committee the fact that your subcommittee in consideration of the various representations which were made to us, reports in its second report in the following language:—

The subcommittee also recommends that the draft of the proposed bill be further amended to include provisions for the following groups similar to that provided for other civilian groups: .

And the four groups are named specifically.

1. V.A.D's who served with the Canadian Army under the provisions of order in council P.C. 49/3546 of April 30, 1942;

2. Former members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war;

3. Orthopaedic nurses selected by the Canadian Red Cross Society for employment by the Scottish Ministry of Health;

4. Former civilian flying personnel of No. 45 Group R.A.F.

With respect to these four your subcommittee recommends—

Mr. LENNARD: Is that the ferry command?

Mr. MUTCH: That is the group known as the ferry command, yes.

The ACTING CHAIRMAN: Yes.

Mr. MUTCH: With respect to these four your subcommittee recommends that this committee concur in the recommendation of the subcommittee to the administration that suitable amendments to this draft of a proposed bill be drafted embodying the recommendation of the subcommittee with respect to these four groups. We did not attempt to do it in the language of a bill. None of us profess to be experts at drafting legislation, but our thought was that the same benefits should be extended as are extended in other parts of this bill. In addition to that, your subcommittee did recommend that provision be made for former members of the Pacific Coast Militia Rangers similar to that provided for members of the A.R.P. With respect to that, I have only this to say in explanation, that after considering the recommendations your subcommittee was of the opinion that while they were in a definitely different category from the four which were specifically named, they did come within the four corners of the legislation with respect to A.R.P. workers. That concludes, Mr. Chairman, the presentation of the second part of the subcommittee.

The ACTING CHAIRMAN: Let us deal with it. Is it satisfactory with respect to groups 1, 2, 3 and 4?

Carried.

Now I presume we will hear from Mr. Pearkes.

Mr. PEARKES: What is this?

The ACTING CHAIRMAN: It is carried.

Mr. PEARKES: What is carried?

The ACTING CHAIRMAN: Read part of the section. I might as well anticipate it.

Mr. MUTCH: "And that provision be made for former members of the Pacific Coast Militia Rangers similar to that provided for members of the A.R.P." Is that what you are referring to?

The ACTING CHAIRMAN: Yes. They are under his command.

Mr. PEARKES: Oh, yes. I agree

Mr. MUTCH: Our recommendation with respect to the Pacific Coast Militia Rangers is carried.

Some Hon. MEMBERS: Carried.

Mr. MACDONALD: Before you carry and approve that recommendation, there is a class of men that I think should be put in right now. I have no quarrel with this report recommended by the subcommittee, but I think we should provide in this particular bill for the case of pilots and the dependents of pilots who lost their lives in consequence of a collision at sea. I want to state the case for the pilots who were serving on small vessels in tidal waters. At Halifax there were a number of these pilots who, although not serving directly

in the Canadian navy, operated with the navy and took directions from them. We have a case there where 7 pilots and 3 members of the crew of a pilot vessel, in consequence of a collision which took place in the harbour of Halifax in 1940, lost their lives. I would suggest that another part be added to the bill. I do not think any provision can be definitely made in connection with the section dealing with merchant seamen, but I would suggest that a clause somewhat like this, with the other clauses necessary, be added to give the Act the proper effect or fit the purpose:—

Subject to this part, pension shall be awarded to or in respect of pilots and crew of the pilot boats who during the war and as a direct result of the performance of their duties as such pilots or crew on a pilot boat suffered injury or death occasioned by the collision of such pilot boat with another vessel in Canadian tidal waters in any designated area.

That would take in the pilot officers operating in any part of Canada. It would not necessarily have to bring in pilots in all parts of the dominion. There are cases that will have to be covered by this legislation. I suggest that another part be incorporated in this draft bill to provide for these particular cases.

Mr. MUTCH: With regard to the subcommittee I may say that we did not have a shorthand report taken of our proceedings, but the chairman of the main committee did forward to the subcommittee, as far as I am aware, all representations which had come to the main committee requesting consideration. Consequently, this second report does not mention these recommendations which were rejected by the committee. Your subcommittee did consider the question of the pilots and various other groups who were recommended.

Mr. GREEN: What other groups?

Mr. MUTCH: The instructors in elementary training flying schools, instructors in air force observer schools, transport service, Northwest field force, observer services—headquarters staff, civil security police, radio engineers, to mention some, pilots were not mentioned, but they were considered.

Mr. GREEN: Why did you rule them out?

Mr. MUTCH: After consideration the committee decided they would not include them. I think myself it was felt that because of the nature of their occupation, and the fact that as Macdonald has said one case is involved, we were not going to recommend special legislation for specific cases. There was a limited discussion. I am not arguing either for or against, but I wish to make it clear that your subcommittee, having considered the evidence before it, did not elect to recommend. The subcommittee left it to the main committee to do whatever it wished.

Mr. HERRIDGE: Would Mr. Macdonald explain where there is any provision under the Workmen's Compensation Act for cases of this kind?

Mr. MACDONALD: There is no provision under the Workmen's Compensation Act for the pilots, but they become entitled to a small pension in certain cases. The amount is very small. It is all set out in the proceedings which have been printed here. I can refer Mr. Herridge to the page where he can get that information. It is in the report of the interdepartmental committee on veterans affairs, 1946 proceedings, at page 41. It is in the appendix. It shows generally the facts upon which the submission is made.

The ACTING CHAIRMAN: That is in connection with the benefits?

Mr. MACDONALD: Yes.

The ACTING CHAIRMAN: At page 41 in connection with benefits. It shows what benefits there are; but this matter has nothing to do with our Act particularly.

Mr. MACDONALD: Yes, that is right. It sets out generally the facts to show how the claim is founded; also there is in the proceedings a brief filed by the pilots themselves. That is found in the printed proceedings. That is in the 1945 proceedings, October 26, at page 326.

The ACTING CHAIRMAN: Perhaps Mr. Macdonald could go over his submission at the opening of our next meeting when there will be a better attendance. We have a few sections that are standing, and we will have some explanations dealing with those sections, and when we have finished with them we will put the bill in the House as is usual.

The committee adjourned to meet on Friday, July 19, at 11 o'clock a.m.

APPENDIX A

DEPARTMENT OF TRANSPORT

DIRECTOR OF MERCHANT SEAMEN

OTTAWA, July 17, 1946.

D. A. CROLL, Esq., M.P.,
Acting Chairman,
Special Committee on Veterans Affairs,
Ottawa.

War and Post-war Benefits to Merchant Seamen.

DEAR SIR—In response to your request to the Deputy Minister of Transport for particulars of benefits to merchant seamen, I have bracketed the war measures covered by Order in Council and the measures in course of adoption by legislation for the post-war period. In order to be as brief as possible I have not attempted to provide any statistics, and should any further information be required I shall be happy to elaborate further.

Remuneration to Able Seamen was increased to a basic rate of \$89.93 monthly, as against \$52.50 paid in 1940. To this basic rate a War Risk Bonus of \$44.50 was added and is still being paid, making a total of \$134.43 per month. Other ratings on board are paid in accordance with this rate, depending on their rank.

Income Tax is only paid on the basic rate. War bonus is exempted and subsistence is not computed in taxable income. Thus practically no married man below the rank of an officer is liable to tax.

A War Service Bonus of 10 per cent of total earnings since April 1st 1944 was paid at the end of each twelve months service to seamen who signed a Manning Pool agreement to serve for two years or the duration of the war, or who were listed as permanent employees of a Company.

Leave on pay at the end of each year at the cumulative rate of two days for each month of service in a Manning Pool or for service at sea.

Round trip transportation between a Pool and his home at the low cost of one-third of the one way fare, when proceeding on Annual Leave.

If incapacitated for sickness or injury a seaman received basic pay for a maximum period of twelve weeks.

NOTE—The above benefits, i.e., leave on pay, reduced rail fare and special payment for sickness or injury, applied only to seamen who had signed a Manning Pool two year agreement.

Pensions and Compensation for damages, loss of life or injury as a result of enemy action or counter action are on a basis comparable with equivalent rank in the Navy. This compensation is made in the form of a pension to widows, with allowances for dependent children. Seamen receive disability pensions for permanent injury, compensation for loss of effects, and payment of a detention allowance equal to pay and War Risk Bonus if held by the enemy.

If a pension for service on a vessel of the Allied Nations is lower than the Canadian scale, the difference is made up by the Government.

Pensioners for disability from enemy action are entitled to participate in the Veterans' Land Act; the Veterans' Insurance Act; and Vocational training as outlined for the Armed Forces, if unable to follow the profession of a seaman.

Civil Re-Establishment Act. The right to civil re-establishment applies to men who left civilian employment to serve in the Merchant Navy, but no preference exists for entry to the Civil Service, and cases have occurred where merchant seamen have been displaced to make room for veterans from the Armed Forces.

Hospitalization is provided through the Sick Mariners Fund, under the provisions of the Canada Shipping Act.

A Special Bonus of 10 per cent on gross earnings, for a minimum period of six months service in dangerous waters between the 10th September 1939 and the 1st April 1944, is paid to all seamen who qualify under the Order-in-Council and who signed an agreement to serve for the duration of the war if required. This Special Bonus was a rehabilitation bonus and is paid in monthly instalments from the end of the war. Its scope has recently been enlarged by an amendment to the Order-in-Council P.C. 3227.

Provision is made to include seamen prevented from further service through medical reasons, or to a Canadian seaman who served in the United Kingdom Merchant Seamen's Reserve Pool.

The Veterans' Insurance Act is open to seamen who are eligible for the Special Bonus.

Railway transportation on completion of service is provided from any Canadian port to a place of permanent domicile.

Vocational training is provided to enable advancement in the profession of seamen.

An Act to amend the Unemployment Insurance Act has been passed, and coverage has now been obtained for merchant seamen. For the purpose of this Act merchant seamen are classed as veterans and receive the same benefits as apply to men from the Armed Forces.

With the closing of the Manning Pools on July 31st, seamen will serve fifteen weeks in insurable employment, and will receive credit for all time served on a Manning Pool agreement. A special fund has been made available to the Unemployment Insurance Commission to provide out-of-work benefits during the fifteen week period.

Canadian regulations to provide Workmen's Compensation where merchant seamen are killed or suffer injuries while performing their duties are in the process of being embodied in permanent legislation.

Before closing, and in view of the fact that certain members of your Committee have raised the question of applying vocational training to merchant seamen on a broader scale, I should mention that the demand for training other than what is being provided has not proved to be of sufficient volume to warrant an extension, and it is considered that with the continued demand for qualified merchant seamen to man Canada's merchant fleet, every endeavour should be made to encourage the men we have trained to remain at sea.

Yours very truly,

G. L. C. JOHNSON,
Director of Merchant Seamen.

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(SESSION 1946)

(HOUSE OF COMMONS)

(SPECIAL COMMITTEE)

(ON)

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

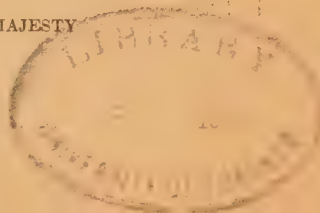
No. 48

FRIDAY, JULY 19, 1946

WITNESSES:

- Mr. J. L. Melville, Chairman, Canadian Pension Commission;
Mr. W. S. Woods, C.M.G., Deputy Minister and Mr. W. G. Gunn,
Departmental Counsel, Department of Veterans Affairs;
Mr. D. E. MacIntyre, General Manager, Canadian Legion War Services,
Inc.;
Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



REPORTS TO THE HOUSE

FRIDAY, July 19, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTIETH REPORT

Your Committee has examined the Orders in Council and regulations respecting civilian war pensions and allowances and has embodied its conclusions, in part, in a draft of a proposed bill, a copy of which is appended hereto.

Your Committee recommends that the appropriate officers be instructed to draft additional clauses for inclusion in the proposed bill to provide pension benefits for

(a) the following groups similar to those provided for merchant seamen and other civilian groups:

(i) V.A.D's who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942.

(ii) Former members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war;

(iii) Orthopaedic nurses selected by the Canadian Red Cross Society for employment by the Scottish Ministry of Health;

(iv) Former civilian flying personnel of No. 45 Group, Ferry Command, Royal Air Force, and

(b) former members of the Pacific Coast Militia Rangers similar to those provided for members of the A.R.P.;

and that the Government consider the advisability of introducing such a bill.

All of which is respectfully submitted.

D. A. CROLL,
Acting Chairman.

DRAFT OF A PROPOSED BILL

An Act respecting Civilian War Pensions and Allowances

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as *The Civilian War Pensions and Allowances Act*.

2. In this Act, unless the context otherwise requires,

(a) "Commission" means the Canadian Pension Commission;

(b) "War" means the war waged by His Majesty and His Majesty's Allies against Germany and Germany's Allies which for the purposes of this Act shall be deemed to have commenced on the first day of September, one thousand nine hundred and thirty-nine, the date or dates, as the case may be, of termination of which will be such date or dates, as may be proclaimed by the Governor in Council;

3. All claims for pensions, allowances and compensation under this Act shall be dealt with and adjudicated upon in like manner as claims under the *Pension Act* and all the provisions of the *Pension Act* not inconsistent with this Act shall, with such modifications as circumstances may require, apply to every claim under this Act.

4. Every department of Government shall furnish the Commission with such information and material as the Commission may from time to time require for the purpose of considering applications for pensions, allowances and compensation under this Act.

PART I

CANADIAN MERCHANT SEAMEN AND SALT-WATER FISHERMEN

Interpretation

5. In this Part, unless the context otherwise requires,

- (a) "Canadian National" means a Canadian National as defined in the *Canadian Nationals Act*;
- (b) "Canadian salt-water fisherman" means a British subject who served upon a ship engaged in the fishing industry of Canada in Canadian tidal waters;
- (c) "Canadian ship" means a ship of Canadian registry or licence certified as such by the Director of Marine Services of the Department of Transport, but does not include a ship under bareboat charter to any charterer resident outside Canada;
- (d) "certified non-Canadian ship" means a ship, other than a Canadian ship, when employed on a voyage that the Director of Marine Services of the Department of Transport certifies was essential to the prosecution of the War on behalf of His Majesty or His Majesty's allies;
- (e) "enemy action, or counter-action against the enemy" includes extraordinary marine hazards occasioned by the War and encountered by a Canadian ship or by a certified non-Canadian ship when employed on a voyage that in the opinion of the Commission was essential to the prosecution of the War on behalf of His Majesty or His Majesty's allies;
- (f) "ship" includes every description of vessel used in navigation not propelled by oars.

6. For the purposes of this Part the class of a vessel, the nature of the trade in which a vessel is engaged and the status of the members of the crew shall be determined according to the provisions of the *Canada Shipping Act, 1934*, and regulations made thereunder.

Pensions for Disability and Death

7. (1) Subject to this Part, pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for members of the naval forces of Canada, to or in respect of,

- (a) persons who, while serving upon any Canadian ship;
- (b) Canadian nationals who, while serving upon any certified non-Canadian ship; and
- (c) Canadian salt-water fishermen who, while serving upon a ship engaged in the fishing industry of Canada in Canadian tidal waters,

during the War and as a direct result of enemy action, of counter-action taken against the enemy, suffer injury or disease or aggravation thereof resulting in disability or death.

(2) For the purposes of this Part, injury or disease or aggravation thereof shall be deemed to have been suffered while serving upon a Canadian ship or upon a certified non-Canadian ship where it is suffered by a person while he is out of Canada and.

- (a) is proceeding by sea or by land or by air to a Canadian ship or to a certified non-Canadian ship for the purpose of being in the service thereof;
 - (b) is returning by sea or by land or by air to Canada or to the country of which he is a citizen or national, from a Canadian ship or from a certified non-Canadian ship after being in the service thereof; or
 - (c) is on leave from a Canadian ship or from a certified non-Canadian ship that is in a port outside Canada.
8. The rate of pension to be awarded to or in respect of a person mentioned in section seven of this Act shall be determined according to the rank or rating of the naval forces of Canada assigned to such person's status by the following table:

TABLE

A. *Pensions for Personnel of Canadian Ships or Certified Non-Canadian Ships*

<i>Status</i>	<i>Rank or Rating of the Naval Forces</i>
(a) <i>Ship in Foreign Trade</i>	
(i) Master	Commander
(ii) Chief Engineer	Lieutenant-Commander
(iii) Chief Engineer	Commander
(iv) Second Engineer	Lieutenant-Commander
(v) Other Navigating and Engineer Officers	
Purser	Lieutenant
Surgeon	
Chief Steward	
Wireless Officer of 10 years or more seniority	
(vi) All other officers	Sub-Lieutenant
(b) <i>Ship in Home Trade</i>	
(i) Master	Lieutenant
(ii) All other officers	Sub-Lieutenant
(c) <i>Ship in Inland and Minor Waters Trade</i>	
(i) Master	Lieutenant
(ii) All other officers	Sub-Lieutenant
(d) <i>All trades</i>	
(i) All other members of the crew....	Able Seaman
(e) <i>Pilots</i>	
(i) Licensed Pilots	Lieutenant
(ii) Licensed Apprentice Pilots	Sub-Lieutenant

B. *Pensions for Canadian Salt-Water Fishermen*

- (a) Master of fishing boats of 60 registered tons or over Lieutenant
- (b) Master of other fishing boats Sub-Lieutenant
- (c) Other members of the crew ... Able Seaman

9. (1) Subject to subsection two of this section no pension shall be awarded under this Part unless an application is made therefor within one year after the occurrence of the death or disability in respect of which the pension is claimed.

(2) Where it is established to the satisfaction of the Commission that

- (a) lack of communication facilities prevented a person from making an application within the time limited by subsection one of this section; or

(b) a dependent of a person in respect of whose death a pension is claimed did not receive notice of the death in time to enable him to make an application within the time limited by subsection one of this section, the Commission may, on special application in that behalf, extend the time within which an application for pension may be made.

10. No pension shall be awarded under this Part in respect of any disability or death for which compensation is payable under any workmen's compensation or similar laws unless evidence satisfactory to the Commission is provided that a claim for such compensation has not been made and unless the person entitled to such compensation submits to the Commission a waiver, in a form approved by the Commission, of all claims for such compensation in respect of such disability or death.

11. The Commission may for the purposes of this Part presume death in every case where, according to the evidence available as to the circumstances surrounding the disappearance of the person whose death is in question or loss of the ship upon which he was serving, the Commission is satisfied beyond a reasonable doubt that the death has in fact occurred.

12. Notwithstanding anything in this Part, the Commission shall deduct from the pension otherwise payable under this Part to any person in respect of death or disability of a Canadian national who served on a certified non-Canadian ship, the amount of pension payable to such person in respect of such death or disability under the laws of the country in which the ship was registered or licensed or to which it was chartered.

13. Notwithstanding anything in this Part, where a person entitled to a pension under this Part is not a Canadian citizen and is not a resident of Canada the Commission may, in lieu of that pension, award such pension or such lump sum as the Commission deems commensurate with the pension that would be payable under this Part to such person if he were a Canadian citizen or a resident of Canada, having regard to comparative living costs and such other matters that may affect the value of the pension, but no pension or amount awarded under this section shall exceed the amount of pension that would be payable to such person under this Part if he were a Canadian citizen or a resident of Canada.

Detention Allowances

14. (1) In any case where

- (a) a person, while serving upon a Canadian ship during the War; or
- (b) a Canadian national, while serving upon a certified non-Canadian ship, or upon a ship engaged in the fishing industry of Canada in Canadian tidal waters

is detained by a foreign country and by reason of such detention payment of remuneration to him or on his behalf for such service is discontinued, in whole or in part, by his employer, the Commission may, subject to this section, award to such person a detention allowance equal to the amount by which the remuneration received by him immediately prior to such detention was so diminished.

(2) In the case of a person who served upon a ship engaged in the fishing industry and who, at the time of his detention was engaged in a profit-sharing venture, the rate of remuneration received by him immediately prior to his detention shall, for the purposes of subsection one of this section, be deemed to be the average monthly remuneration received by him for the twelve months immediately preceding his detention.

(3) In the case of a Canadian national who served upon a certified non-Canadian ship the Commission shall deduct from the allowance otherwise payable to him under this section the amount of any detention or similar allowance payable to him under the laws of the country in which the ship was registered or licensed or to which it was chartered.

15. The Commission may pay to the dependents of a person to whom an allowance is awarded under section fourteen of this Act such portion of the allowance as the Commission in its discretion deems reasonable, and the remainder of the amount so awarded shall be paid to such person or to his legal representatives upon termination of the detention in respect of which the allowance was awarded.

PART II

AUXILIARY SERVICES PERSONNEL

Interpretation

16. In this Part, unless the context otherwise requires,

- (a) "helper" means a person who was employed and paid by Canadian Legion War Services Inc., The National Council of the Young Men's Christian Associations of Canada, Knights of Columbus Canadian Army Huts, or Salvation Army Canadian War Services, to assist supervisors and who proceeded from Canada for attachment to
 - (i) the Canadian naval forces under the authority of the Chief of Naval Personnel;
 - (ii) active units and formations of the Canadian military forces under the authority of the Adjutant-General; or
 - (iii) active units and formations of the Canadian air forces* under the authority of the Air Member for Personnel;
- (b) "member of the Overseas Headquarters Staff" means a person who is not a supervisor or helper and who was a member of the Headquarters Staff of, and was employed and paid by Canadian Legion War Services Inc., The National Council of the Young Men's Christian Associations of Canada, Knights of Columbus Canadian Army Huts, or Salvation Army Canadian War Services, and who proceeded from Canada under the authority of the Chief of Naval Personnel, the Adjutant-General or Air Member for Personnel;
- (c) "Supervisor" means an authorized field representative of Canadian Legion War Services Inc., The National Council of the Young Men's Christian Associations of Canada, Knights of Columbus Canadian Army Huts, or Salvation Army Canadian War Services, who directly provided services and recreational equipment to any of the naval, military or air forces of Canada and who was selected and approved by, and proceeded from Canada under the authority of the Chief of Naval Personnel, the Adjutant-General or Air Member for Personnel.

Supervisors

17. In respect of their service as supervisors rendered between the time of embarkation for service outside of Canada and the termination of such service by the appropriate naval, military or air force authorities, pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the

Pension Act for Captain (Military) to or in respect of supervisors who suffer injury or disease or aggravation thereof resulting in disability or death attributable to or incurred during such service.

Helpers.

18. In respect of their service as helpers rendered between the time of embarkation for service outside of Canada and the termination of such service by the appropriate naval, military or air force authorities, pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for Lieutenant (Military) to or in respect of helpers who suffer injury or disease or aggravation thereof resulting in disability or death attributable to or incurred during such service.

Overseas Headquarters Staff

19. Subject to section twenty of this Act, pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for Lieutenant (Military) to or in respect of members of the Overseas Headquarters Staff who, during their service as such and as a direct result of enemy action, or counter-action against the enemy during the War, suffer injury or disease or aggravation thereof resulting in disability or death.

20. Whenever the appropriate naval, military or air force authorities certify that a member of the Overseas Headquarters Staff carried on duties with responsibilities comparable with those of an officer of higher rank than that of lieutenant, the pension to be awarded under section nineteen of this Act shall be that set forth in Schedules A and B of the *Pension Act* for Captain (Military).

PART III

CORPS OF (CIVILIAN) CANADIAN FIRE FIGHTERS FOR SERVICE IN THE UNITED KINGDOM

21. Subject to this Part, pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for members of the military forces of Canada, to or in respect of members of the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom who suffer injury or disease or aggravation thereof resulting in disability or death attributable to or incurred during their service as members of the said Corps in accordance with the provisions of the *Pension Act*.

22. The rate of pension to be awarded to or in respect of a member of the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom shall be determined according to the rank or rating of the military forces of Canada assigned to such member's status by the following table:—

<i>Status</i>	<i>Rank or Rating of the Military Forces</i>
Commanding Officer	Lt.-Colonel (Military)
Divisional Officer	Major (Military)
Column Officer	Captain (Military)
Senior Company Officer	Lieutenant (Military)
Company Officer	
Section Leader, Leading Fireman, Senior Fireman, Fireman and Junior Fireman.	

PART IV

ROYAL CANADIAN MOUNTED POLICE

23. (1) All claims for compensation under section twenty-one A of the *Royal Canadian Mounted Police Act* shall be referred to the Commission for consideration and adjudication, and the Commission shall assess the degree of disability in respect of which compensation may be awarded under the said section.

(2) Compensation shall be awarded at such rate and in such manner as the Governor in Council may from time to time prescribe under section twenty-one A of the *Royal Canadian Mounted Police Act*.

(3) Where an assessment is made under this section and subsequently the Commission re-assesses the degree of disability, the compensation shall be paid according to the rates applicable at the time compensation was first awarded.

PART V

ROYAL CANADIAN MOUNTED POLICE—SPECIAL CONSTABLES

Interpretation

24. In this Part, unless the context otherwise requires, "special constable" means a person specially engaged and employed by the Royal Canadian Mounted Police under the authority of the Governor in Council for the particular duty of mounting guard at vulnerable points throughout Canada or for any other similar duty during the War.

Pensions for Disability and Death

25. Subject to this Part, pensions shall be awarded to or in respect of special constables who during the War and as a direct result of the performance of their duties as special constables, suffer injury or disease or aggravation thereof resulting in disability or death.

26. The pension to be awarded under this Part in respect of disability shall be awarded at such rate and in such manner as the Governor in Council may from time to time prescribe under section twenty-one A of the *Royal Canadian Mounted Police Act*.

27. The pensions to be awarded under this Part in respect of death shall be awarded in accordance with the provisions of section seventy-six of the *Royal Canadian Mounted Police Act* and for the purposes of that section the pay and allowances which would have been permitted for pension purposes shall be the actual pay and allowances of which the special constable was in receipt at the time of his death.

28. Where a special constable is in receipt of a disability pension under the *Pension Act* the amount of pension payable under this Part shall not at any time exceed the amount by which the pension authorized by the *Pension Act* for total disability exceeds the pension of which he is in receipt under the *Pension Act*.

29. No pension shall be awarded under this Part for any disability in respect of which a pension is awarded under the *Pension Act*.

30. No pension shall be awarded under this Part to or in respect of a special constable until he ceases to be a special constable.

31. Unless it is established to the satisfaction of the Commission that the evidence upon which the application for pension is based was not in possession of the applicant or could not reasonably have been obtained by such applicant within the times hereinafter prescribed, no pension for death shall be awarded under this Part in respect of a special constable unless application is made therefor within one year after the death, and no pension for disability shall be awarded under this part to or in respect of a special constable unless application is made therefor within one year after he ceases to be a special constable.

32. No pension for death shall be awarded under this Part to or in respect of any dependent other than the widow or children of the special constable on account of whose death pension is claimed.

PART VI

AIR RAID PRECAUTIONS WORKERS

Interpretation

33. In this Part, unless the context otherwise requires,

- (a) "air raid precautions worker" means a person registered as a volunteer worker in a designated area by an official body organized for air raid precautions purposes, a duly registered voluntary evacuation worker or a person designated as such by the Commission pursuant to section forty-five of this Act;
- (b) "designated area" means any area prescribed by the Governor in Council.
- (c) "serious or prolonged disability" does not include a disability of a degree less than twenty per centum estimated in the manner provided by subsection two of section twenty-four of the *Pension Act*;
- (d) "war service injury" means, in the case of an air raid precautions worker other than a duly registered voluntary evacuation worker, any physical injury sustained during the War and arising out of and in the course of his duties as such as a direct result of enemy action, or counter-action against the enemy or action in apprehension of enemy attack or during a blackout, test or period of training duly authorized by the senior air raid precautions officer in the designated area in which such injury was sustained, and, in the case of a duly registered voluntary evacuation worker, means injuries arising out of and in the course of his duties as an evacuation worker.

Pensions for Disability and Death

34. Subject to this Part, pensions shall be awarded in accordance with the rates set forth in Schedules I and II to this Act in respect of serious or prolonged disability or death caused by a war service injury.

35. No pension shall be awarded under this Part in respect of a war service injury sustained by reason of the wilful negligence or improper conduct of the air raid precautions worker by or in respect of whom pension is claimed.

36. No pension in respect of a war service injury shall be paid under this Part to or in respect of any person during any period such person receives or is entitled to receive in respect of the same injury any grant, allowance,

compensation, pension or other payment of a like nature, payable out of any public funds to which such person has not made a direct financial contribution, unless such grant, allowance, compensation, pension or other payment is less than the amount of the pension that would otherwise be payable under this Part, in which case pension equal to the amount by which the pension that would otherwise be payable under this Part exceeds such other grant, allowance, compensation, pension or other payment, may be paid under this Part during such period.

37. (1) No pension shall be awarded under this Part to the widow of any person in respect of the death of such person unless she was wholly or to a substantial extent maintained by him at the time of his death, and unless she was married to him prior to the day the war service injury in respect of which pension is claimed was sustained.

(2) No additional pension shall be awarded under this Part to any married man in respect of his wife unless she was wholly or to a substantial extent maintained by him immediately prior to the day the war service injury in respect of which such additional pension is claimed was sustained.

38. The Commission may, in its discretion, deduct from any additional pension payable under this Part in respect of any dependent, any amount payable by way of grant or allowance, whether payable out of public funds or otherwise, for the maintenance of such dependent.

39. Where any two persons to whom any pensions may be awarded under this Part are married to one another, pensions may be paid to them under this Part as if they were unmarried, but in every such case the additional pensions, if any, that may be awarded under this Part in respect of any dependent child or children shall be paid in respect of the injury to the husband unless the wife is not wholly or to a substantial extent maintained by him, in which case such additional pensions, if any, shall be paid in respect of the injury to the parent who is responsible for the support of such dependent child or children.

40. No additional pension shall be awarded under this Part in respect of any child born more than nine months after the day the war service injury in respect of which any pension is payable was sustained.

41. Where a person to whom a pension may be awarded under section thirty-four of this Act is a male under the age of sixteen years or a female under the age of seventeen years, no pension shall be paid to such person until such person, if a male, attains the age of sixteen years, or, if a female, attains the age of seventeen years, but the Commission may direct that, until such age is attained, the pension shall be administered for the benefit of such person in the manner provided by section sixteen of the *Pension Act*.

42. No pension shall be awarded under this Part in respect of any disability unless application is made therefor within one year after the day the war service injury resulting in such disability was sustained, or in the case of a male under the age of sixteen years or a female under the age of seventeen years, within one year after respective ages are attained, and no pension shall be awarded in respect of death unless application is made therefor within one year after the death.

43. Where the death of an air raid precautions worker is attributable to war service injury or where at the time of death such worker was in receipt of a pension under this Part, and where his estate has not sufficient assets to pay the expenses of his burial, the Commission may, if such worker was not

an in-patient under treatment in a hospital operated by the Department of Veterans Affairs, direct the payment of an amount not exceeding one hundred dollars in respect of such expenses.

44. The Commission may designate as an air raid precautions worker any person who as an employee in an essential service, although unregistered as a volunteer worker, assisted in air raid precautions work consequent upon enemy action, or counter-action against the enemy or a duly authorized blackout.

PART VII

CIVILIAN GOVERNMENT EMPLOYEES (WAR)

Interpretation

45. In this Part, unless the context otherwise requires,

- (a) "employee" means a person engaged as a permanent or temporary civilian employee of
 - (i) The Government of Canada, or
 - (ii) A company incorporated under Part I of the *Companies Act, 1934*, all the issued shares of capital stock of which are owned by or held in trust for His Majesty in right of Canada, except shares necessary to qualify other persons as directors.

whether serving with or without remuneration, and includes a salaried person directly providing services to the Government of Canada when his employer is reimbursed by the Government of Canada for his salary or wages, but does not include a person who is engaged locally at any place outside of Canada.

- (b) "salaried person" means a person who is paid a regular periodical salary or wage;
- (c) "war injury" means any physical injury that, during the War and as a direct result of enemy action, or counter-action taken against the enemy, was sustained out of Canada by an employee who was sent from Canada for the purpose of performing his duties for or on behalf of the Government of Canada;
- (d) "war flight injury" means any physical injury that during the War was sustained by an employee as a direct result of an air flight either within or outside of Canada, undertaken in aircraft in the Canadian Government Trans-Atlantic Air Service or in any aircraft, other than commercial aircraft on a scheduled trip,
 - (i) in the course of duties arising out of the War;
 - (ii) in the course of duties not arising out of the War, when such mode of travel was necessitated by conditions arising out of the War.

Leave of Absence

46. An employee who is a salaried person and who sustains a war injury or war flight injury may be granted special leave of absence with pay for such period of time as may be certified as necessary by a qualified medical practitioner and approved by the Commission, but not exceeding a total of one hundred and eighty days.

Pensions for Disability and Death

47. Subject to the provisions of this Part pensions shall be awarded to or in respect of employees who suffer disability or death as a direct result of a war injury or a war flight injury, in accordance with the rates set forth in Schedules A and B of the *Pension Act*, for the rank or rating of the military forces of Canada assigned to such employee's salary by the following table:—

TABLE

<i>Salary</i>	<i>Rank or Rating of the Military Forces</i>
not exceeding \$3,000	Lieutenant.
more than \$3,000 but not exceeding \$3,750	Captain.
more than \$3,750 but not exceeding \$5,000	Major.
more than \$5,000 but not exceeding \$6,500	Lieutenant-Colonel.
more than \$6,500 but not exceeding \$8,000	Colonel.
more than \$8,000	Brigadier.

48. (1) For the purposes of section forty-eight of this Act, the salary of an employee serving without remuneration or of a part-time employee shall be deemed to be the salary that would be paid to a permanent full-time employee performing duties of a similar nature, to be determined as provided in this section.

(2) The salary that would be paid to the permanent full-time employee shall be fixed in the first instance by the Deputy Minister of the department concerned and the Deputy Minister shall notify the Commission in writing of the amount so fixed, and wherever possible the Deputy Minister shall fix the salary before the employee is exposed to risk of war injury or war flight injury.

(3) The Commission shall determine the salary that would be paid to the permanent full-time employee but if the salary determined by the Commission is less than the salary fixed by the Deputy Minister the applicant for pension may appeal to the Treasury Board and the decision of the Treasury Board shall be final.

49. In the case of an employee who is entitled to the benefits under section forty-seven of this Act, payment of pension under this Part shall not commence until the day following completion of the initial period of treatment, or one hundred and eighty days after the incurrence of the injury, whichever is the earlier.

50. All benefits under this Part shall be in addition to any benefits to which the employees or their dependents may be entitled under the *Civil Service Act* or the *Civil Service Superannuation Act*, but shall be subject to the deduction of any other compensation receivable on account of the war injury or war flight injury from any source to which the employee has made no direct contribution.

51. Any pensions awarded to employees in respect of war injury or war flight injury prior to the coming into force of this Act under the authority of any order of the Governor in Council made under the *War Measures Act* may be increased in accordance with the rates established by Schedules A and B of the *Pension Act*.

PART VIII

INJURY DURING REMEDIAL TREATMENT

52. Pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for Lieutenant (Military) to or in respect of persons who

- (a) were called up for training, service or duty under *The National Resources Mobilization Act, 1940*.
- (b) accepted and underwent treatment of any kind prescribed by the Department of Veterans Affairs for the purpose of improving their physical condition and rendering them fit for such training, service or duty, and
- (c) suffer injury or disease or aggravation thereof resulting in disability or death arising out of or directly connected with such treatment

as if the persons had been members of the forces.

53. Pensions shall be awarded in accordance with the rates set forth in Schedules A and B of the *Pension Act* for Lieutenant (Military) to or in respect of persons who

- (a) volunteered for active service in the naval, military or air forces of Canada but were not accepted owing to their physical condition,
- (b) were furnished with remedial treatment by the Department of Veterans Affairs, under the conditions prescribed by the Governor in Council, for the purpose of rendering them fit for active service in the said forces, and
- (c) suffer injury or disease or aggravation thereof resulting in disability or death arising out of or directly connected with such treatment

as if the persons had been members of the forces.

PART IX

54. Subject to the provisions of this Part, pensions shall be awarded in accordance with the rates set forth in Schedule B of the *Pension Act* for members of the naval forces of Canada in respect of all pilots and members of the crew of pilot boats who while serving upon a pilot boat during the war, suffered death as a direct result of the collision of such pilot boat with another vessel in tidal waters, in or near to any area, that was at any time prior to the coming into force of this Act declared to be a "designated area" by the Treasury Board.

55. The rate of pension payable in respect of a person mentioned in this part shall be determined according to the rank or rating of the naval forces of Canada assigned to such person's status by the table set out in Section 8 of this Act.

56. No pension shall be payable under this Act to or in respect of any dependent other than the widow or children of the person on account of whose death pension is claimed.

57. No pension shall be payable under this Part unless application is made therefor within one year after the coming into force of this Act.

VETERANS AFFAIRS

XV

SCHEDULE I

AIR RAID PRECAUTIONS WORKERS

Scale of Pensions for Disabilities

Percentage of Disability, Class and Annual Rate

Status of Person	Class 1 100%	Class 2 99%-95%	Class 3 94%-90%	Class 4 89%-85%	Class 5 84%-80%	Class 6 79%-75%	Class 7 74%-70%	Class 8 69%-65%	Class 9 64%-60%
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Man or woman.....	600	570	540	510	480	450	420	390	360
Additional pension for wife.....	240	228	216	204	192	180	168	156	144
Additional pension for first and each subsequent dependent child.....	120	114	108	102	96	90	84	78	72
Additional pension for dependent parents.....	120	114	108	102	96	90	84	78	72

Status of Person	Class 10 59%-55%	Class 11 54%-50%	Class 12 49%-45%	Class 13 44%-40%	Class 14 39%-35%	Class 15 34%-30%	Class 16 29%-25%	Class 17 24%-20%
	\$	\$	\$	\$	\$	\$	\$	\$
Man or woman.....	330	300	270	240	210	180	150	120
Additional pension for wife.....	132	120	108	96	84	72	60	48
Additional pension for first and each subsequent dependent child.....	66	60	54	48	42	36	30	24
Additional pension for dependent parents.....	66	60	54	48	42	36	30	24

SCHEDULE II

AIR RAID PRECAUTIONS WORKERS

Scale of Pensions for Deaths

Status	Annual Rate of Pension
	\$
Widow.....	480
Additional pension for first and each subsequent dependent child.....	120
Orphan child.....	240
Each subsequent orphan child, an additional.....	180
Dependent parents, if no widow or dependent children.....	Such an amount not exceeding a widow's pension as is deemed adequate by the Commission.

FRIDAY, July 19, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTY-FIRST REPORT

Your Committee unanimously recommends that income tax be remitted in respect of detention allowances payable to merchant seamen under the provisions of Order in Council P.C. 12/4209 dated 12th June, 1941, as amended by P.C. 87/5204 dated 16th July, 1941.

All of which is respectfully submitted.

D. A. CROLL,
Acting Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, July 19, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., Mr. D. A. Croll, presiding.

Members present: Messrs. Adamson, Archibald, Baker, Belzile, Benidickson, Bentley, Brooks, Croll, Emmerson, Harris (*Grey-Bruce*), Herridge, Isnor, Langlois, Lennard, Macdonald (*Halifax*), McKay, Mutch, Pearkes, Quelch, Sinclair (*Vancouver North*), Skey, Tremblay, Winters.

In attendance: Mr. J. L. Melville, Chairman, Canadian Pension Commission; Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. D. E. MacIntyre, General Manager, Canadian Legion War Services Inc.; Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.

Consideration of a draft of a proposed bill respecting civilian war pensions and allowances was resumed.

Mr. Melville answered certain questions put to him at the previous meeting.

On motion of Mr. Green, it was resolved that the Committee recommend that income tax be remitted in respect of detention allowances payable to merchant seamen under the provisions of Order in Council P.C. 12/4209 dated 12th June, 1941, as amended by P.C. 87/5204 dated 16th July, 1941.

Clauses 14 and 15 were adopted.

Clause 33 was amended by deleting paragraph (b) thereof and substituting the following therefor:

(b) "designated area" means any area prescribed by the Governor in Council.

Clause 33, as amended, and clause 38 were adopted.

Mr. Green moved that the draft bill be amended by the deletion of clause 40.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Clause 40 was adopted.

On motion of Mr. Macdonald, it was resolved that the draft bill be amended by the addition of the following as Part IX:—

PART IX

54. Subject to the provisions of this Part, pensions shall be awarded in accordance with the rates set forth in Schedule B of the Pension Act for members of the naval forces of Canada in respect of all pilots and members of the crew of pilot boats who while serving upon a pilot boat

during the war, suffered death as a direct result of the collision of such pilot boat with another vessel in tidal waters, in or near to any area, that was at any time prior to the coming into force of this Act declared to be a "designated area" by the Treasury Board.

55. The rate of pension payable in respect of a person mentioned in this part shall be determined according to the rank or rating of the naval forces of Canada assigned to such person's status by the table set out in Section 8 of this Act.

56. No pension shall be payable under this Act to or in respect of any dependent other than the widow or children of the person on account of whose death pension is claimed.

57. No pension shall be payable under this Part unless application is made therefor within one year after the coming into force of this Act.

The preamble and title were adopted.

The draft bill, as amended, was adopted.

The Chairman was ordered to report the draft bill to the House together with the further recommendations contained in the second report of the subcommittee on civilian war pensions and allowances.

Mr. Mutch moved that the third report of the subcommittee on civilian war pensions and allowances be now concurred in.

Mr. Green moved, in amendment, that the Committee recommend, and so report to the House, that the supervisors in the auxiliary services and fire fighters of the Canadian Corps of Fire Fighters dispatched overseas be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces.

After discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

Mr. Sinclair moved, in amendment, that the Committee recommend that members of the Canadian Red Cross Society and St. John Ambulance Brigade who served in an actual theatre of war be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces.

After discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

Messrs. Herwig and MacIntyre were called, heard and questioned.

After further discussion, the motion of Mr. Mutch, as amended, was resolved in the affirmative and the Chairman ordered to report to the House accordingly.

At 1.00 o'clock p.m., the Committee adjourned until Monday, July 22, at 11.00 o'clock a.m.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 19, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Acting Chairman, Mr. David Croll, presided.

The ACTING CHAIRMAN: The first matter that was left in abeyance was section 14. I think Brigadier Melville has something to say on that.

Brigadier J. L. Melville, Chairman, Canadian Pension Commission, recalled.

The WITNESS: Before speaking to section 14, I might answer a question which was asked by Mr. Winters with regard to section 5 (b). He asked if a break-down could be supplied regarding awards which were made.

Mr. WINTERS: That is right.

The WITNESS: The fishing schooner *Flora Alberta* was sliced in two after colliding with a vessel in convoy. This occurred in the early hours of April 21, 1943—visibility poor and the Naval Board advised that the navigation lights of the vessels in convoy were not of the same degree of brilliance as under ordinary conditions.

The Commission ruled— (a) loss of *Flora Alberta* considered due to extraordinary marine hazards consequent upon there existing a state of hostilities; (b) applications could be accepted from or in respect of any British subject employed on the ship at time of loss.

The crew list supplied by the Department of Fisheries and the operating company indicated that all members of the crew were British subjects. Twenty-one were lost, seven survived including the captain who suffered a fracture of right radius and ulna.

Death awards were authorized in respect of the members of the crew who were lost and a disability award was authorized to the captain.

Mr. WINTERS: Thank you very much. The captain of that schooner was a neighbour of mine.

The WITNESS: Those are the only awards in effect to salt-water fishermen.

By Mr. Winters:

Q. Is that a permanent disability to the captain?—A. It is likely to be. If it increases the award of pension will be increased. If it decreases, we will decrease his award.

Mr. WINTERS: Thank you very much.

The WITNESS: The next item under discussion was sections 14 and 15. Detention allowances are set up by the commission on information certified to by the Department of Transport at the actual rate of remuneration received by the seaman at the time of capture. Such includes basic wages, war risk bonus and other remuneration certified to.

The credit being held by the Chief Treasury Officer for income tax purposes is on instruction by the Department of National Revenue (Taxation). No payments have been made to that department by the commission without instructions of the taxpayer.

We have made some refunds but in every instance we have had authority and instructions of the seaman.

By Mr. Green:

Q. Refunds to whom?—A. Of income tax, to the Department of National Revenue.

The ACTING CHAIRMAN: "Refunds" is hardly the word—refunds from one department to another.

Mr. GREEN: Payments.

The WITNESS: Payments, yes.

A question was asked as to whether any income tax payments have been made on account of seamen interned as prisoners of war who died during internment. Only two such cases arose and in one the officer who died was a resident of the United Kingdom and was not subject to Canadian income tax. The available balance with no tax deduction was paid in full to his widow who was pensioned. In the other case, a Canadian mess boy on a Greek ship who died in captivity, his balance was paid to his parents and was not taxable as he was not in an income tax bracket. The parents would be pensionable if they ever should become in a dependent condition and were so advised by the commission.

The ACTING CHAIRMAN: Gentlemen, what is your wish on section 14? Have you anything to say, Mr. Green?

Mr. GREEN: I think we should recommend that there be no deduction of income tax from these men who have been interned. I think it is going much too far to take income tax from them.

The ACTING CHAIRMAN: Is that the general feeling of the committee?

Mr. MACDONALD: I would agree to that. I think it is a very fair proposal. There does not need to be an amendment to this particular bill, but a recommendation to accompany this bill.

Mr. MUTCH: I so move.

Mr. GREEN: Can it be changed in the bill?

The ACTING CHAIRMAN: We can change it in the bill, but I am wondering if that is going to have the effect we want.

Mr. MUTCH: We can recommend that it be done.

The ACTING CHAIRMAN: In view of the implications involved, why do we not send in a unanimous recommendation by this committee—and I think it will be—to ask them not to do that in view of them having taken some such proceedings. I think that would put it not only on record but I think would have some effect.

Mr. MACDONALD: Yes. The Department of National Revenue, I fancy, will be primarily interested in this; and this bill should not be in conflict with the Department of National Revenue.

Mr. GREEN: This bill does not authorize deduction of income tax anyway, does it?

Mr. MUTCH: No.

The WITNESS: No deduction is made. The balance is just being held at the moment.

The ACTING CHAIRMAN: Mr. Gunn suggests this, "Resolved that the detention allowances provided by section 14 shall be exempt from taxation under the Income Tax Act." Mr. Green might move that.

Mr. MUTCH: I second that.

The ACTING CHAIRMAN: Does that meet your wishes, Mr. Green?

Mr. GREEN: Did Mr. Gunn have in mind making that an amendment?

Mr. GUNN: No, I did not. I have no instructions from the department in that respect.

The ACTING CHAIRMAN: That is a resolution.

Mr. MUTCH: It would go in as part of our report. We recommend that it be done. In that way we can get it unanimous.

Mr. GREEN: That is satisfactory.

The ACTING CHAIRMAN: It is moved by Mr. Green, seconded by Mr. Mutch.

Mr. MUTCH: And carried unanimously. Where do we go now?

Carried.

The ACTING CHAIRMAN: Sections 14 and 15 carried?

Carried.

Mr. GREEN: You had better make it clear that is a unanimous recommendation.

The ACTING CHAIRMAN: Yes. The clerk is putting it in as unanimous.

Mr. GREEN: I mean, when it is brought before National Revenue.

The ACTING CHAIRMAN: That is right. The resolution will so state.

Mr. MUTCH: And let no man stand up and deny it afterwards.

The ACTING CHAIRMAN: The next one we had to deal with was section 31.

The WITNESS: This section was adopted subject to an amendment along the lines of the added provision in section 9. For the information of the committee I will read the section as amended:

Unless it is established to the satisfaction of the commission that the evidence upon which the application for pension is based was not in the possession of the applicant or could not reasonably have been obtained by such applicant within the times hereinafter prescribed, no pension for death shall be awarded under this Part in respect of a special constable unless application is made therefor within one year after death; and no pension for disability shall be awarded under this Part to or in respect of a special constable unless application is made therefor within one year after he ceases to be a special constable.

I think that meets the wishes of the committee.

By Mr. Green:

Q. You do not give that discretion in the case of death, do you?—A. Yes.

Q. Or in the case of subsection (2)?—A. Yes. It covers it.

The ACTING CHAIRMAN: Read it slowly, please.

The WITNESS: It covers both, Mr. Green.

Mr. GREEN: I may not have understood it.

The WITNESS: It is all incorporated in one.

Mr. GREEN: It is all right as long as it covers both.

The ACTING CHAIRMAN: The department thinks it does.

Mr. GREEN: Then it is all right.

The WITNESS: It is all in one clause.

By Mr. Green:

Q. It is all in one?—A. Yes.

The ACTING CHAIRMAN: Shall section 31 as amended be carried?
Carried.

Then the next is section 33. Gentlemen, you were interested in "designated areas" and we have something here on that.

The WITNESS: Section 33 was allowed to stand pending more information concerning "designated areas". On enquiry I find these designated areas were shown on a secret map and that in addition to those mentioned in Part VI of the proposed bill others were named by the Governor in Council. I would imagine that for security reasons no publicity was given to these target areas.

No claims have been refused by the commission on the grounds that the applicant did not serve in a designated area.

I also found that by a later order designated areas included the provinces of Nova Scotia, Prince Edward Island, New Brunswick and British Columbia. Trail is therefore included in B.C. Mr. Herridge made enquiry yesterday.

The ACTING CHAIRMAN: What about dear old Toronto coming in there? You got Trail in there and we get left out.

Mr. WINTERS: It is in now, in section 33.

Mr. MUTCH: For some unknown reason it is in already.

The ACTING CHAIRMAN: We had better let Brigadier Melville go on.

The WITNESS: I suggest it might meet the wishes of the committee if that subsection were amended to read:—

"designated area" means any area which has been so designated by the Governor in Council.

Mr. HERRIDGE: That would be quite satisfactory.

The ACTING CHAIRMAN: That would be quite satisfactory. Is that carried as amended?

Mr. MUTCH: Yes. None of the local feelings will be hurt.

The ACTING CHAIRMAN: No. Carried as amended?

Carried.

The next item is section 38.

The WITNESS: Mr. Chairman, I had a few observations to make on Part VI.

Mr. Rodney Adamson, M.P., asked for particulars of the death award payable in respect of the A.R.P. worker and of the area. The case will be of interest to the committee and for the record, as it illustrates the action and policy of the commission.

Homer Oral Lord in the Nova Scotia area suffered a heart attack brought on by exhaustion caused by strenuous exertion in connection with his duties as a volunteer civil defence (A.R.P.) fireman in July, 1944. In order to give a full description the commission's decision is quoted in full as follows:—

This man died from a heart attack which appears to have been brought on by exhaustion caused by strenuous exertion in connection with his duties as a volunteer civil defence (A.R.P.) fireman on the night of July 26, 1944. An alarm was turned in at the South Armdale civil defence voluntary fire unit; he was on the fire truck, answering this alarm and actually operating the siren at the time of the attack. The evidence indicates that on receipt of the alarm he had to run to his home, about 325 yards from the fire hall, get his fireman's clothing and run back to his place on the truck. The A.R.P. warden has certified that at the time of death the man was on duty as an A.R.P. worker, during a duly authorized period of training for fire prevention or

demolition duties. When he was lifted from the truck in what appeared to be a fainting attack he was apparently dead. In any event, he was shortly afterwards pronounced dead medically and the coroner found that this was due to a heart attack.

The family physician stated that he had no knowledge of the man suffering from a heart affection prior to death, although he found his blood pressure normal, namely 110/75, in 1942.

The commission has decided that the strenuous exertion in connection with his civil defence duties precipitated the heart attack which resulted in death.

The commission ruled "heart attack resulting in death arose out of and was directly connected with civil defence A.R.P. (war service injury), as defined in the provisions of order in council P.C. 8110. Pension was awarded the widow and children in accordance with the rates provided under the order in council."

By Mr. Adamson:

Q. That was in the course of training, was it?—A. Yes.

Q. It was not in connection with the fire at the arsenal or at the magazine in Halifax?—A. No. That is quite correct. No claims have been made.

The ACTING CHAIRMAN: The next is Section 38. Have you some observations on that, Brigadier Melville?

The WITNESS: Yes, Mr. Chairman. On section 38, the question was asked as to why the commission had discretionary power to make a deduction from the award of additional pension on behalf of a dependent and fear was expressed that such might be affected by the award of family allowance.

It is very evident that the intention was to provide benefits on a limited scale. Family allowances were not in effect at that time and would not result in any deduction from an award payable.

Mr. MUTCH: Carried.

The ACTING CHAIRMAN: Is that all right, gentlemen? Is section 38 carried? Carried.

The next is section 41.

The WITNESS: On section 41, this section was allowed to stand as a question was raised that the failure to pension children born subsequently was a new principle in pension legislation.

Again I can only point out that the benefits under this part are restricted. They correspond to the scale of Workmen's Compensation and in no such scheme of compensation is the award increased for disability on account of children.

As no more claims are likely to arise, and no complaint received regarding the few awards in payment, I suggest the clause should be approved.

The ACTING CHAIRMAN: Is that carried, gentlemen?

Mr. GREEN: Mr. Chairman, I think that submission of the Brigadier's should be just turned the other way, or that final paragraph. He says "As no more claims are likely to arise, and no complaint received regarding the few awards in payment," and suggests that the clause should be included. My suggestion, on the contrary, would be that we should remove this restriction on further children; I submit that if the man was in receipt of pension and has further children he should have the allowance paid for those children. There is really no reason why children not born should be cut out only in the case of this one group, these A.R.P. workers. It is the only place in the whole Act where that restriction appears, and I do not think there is any rhyme or reason for having it in there.

The ACTING CHAIRMAN: Have you any further views on that, gentlemen?

Mr. MUTCH: What is the objection?

The ACTING CHAIRMAN: I do not think it makes much difference either one way or another. If it is the desire of the committee to leave it in, there is no serious objection.

Mr. GREEN: I move that section be deleted.

Mr. MUTCH: That the section be what?

Mr. GREEN: Deleted.

Mr. MUTCH: The whole section?

The ACTING CHAIRMAN: No.

Mr. MUTCH: That is what he said. Let us know what that means. If we drop the section, what will happen?

The ACTING CHAIRMAN: All right. Brigadier Melville thinks it cannot possibly amount to very much. There may be a couple of claims come in or we may never hear of it again. There is no use making it a contentious thing.

Mr. MUTCH: Have any claims been paid under it?

The ACTING CHAIRMAN: One, I think.

Mr. MUTCH: Have any claims been paid? Or denied, rather, as a result of this?

The WITNESS: No, none has been.

Mr. MUTCH: None has been. Therefore no one would suffer if the thing was dropped.

The WITNESS: No.

Mr. GUNN: Mr. Chairman, may I suggest that, if this particular clause is deleted, the bill may have to go back for government consideration in view of the fact that it may possibly mean further expenditure. I suggest, too, that to delete it would create a situation that would be inconsistent with the Workmen's Compensation laws on which the Act is largely based, for the reason, as I understand the Workmen's Compensation laws, that compensation is not paid for children born in the future. For those reasons I think it well for the committee to consider leaving it in.

The ACTING CHAIRMAN: Gentlemen, I should not want to lose the bill; I mean, I should not want it to go back again for government consideration. I did not think of that aspect of it myself. It might mean that, because it may involve an expenditure that we think is of no consequence but which they think is of some consequence.

Mr. MUTCH: If it is pretty generally agreed that it does not hurt anybody, why not carry it and we will be safe?

Mr. WINTERS: Carried.

The ACTING CHAIRMAN: There is no great principle involved. I think the commission in its very attitude here to-day in answer to Mr. Winters and Mr. Adamson indicates its trend of action. Let us not take any chances. Shall section 41 carry?

Carried.

The next thing we have to deal with is sections 56 and 57 which were merely reworded. Have you any remarks on sections 56 and 57, Brigadier Melville?

The WITNESS: Mr. Green's observation that there was an error in the drafting of each of these sections is agreed to. They have been amended as he suggested.

The words "as if the person had been a member of the forces" have been deleted from the end of 56 (c) and 57 (c).

In substitution therefor the following words have been added to the end of each of these sections and carried out to the margins thereof:

"as if the persons had been members of the forces."

I think that is exactly as you requested, Mr. Green.

Mr. GREEN: I put it in a different place, but I think your amendment covers it.

Mr. MUTCH: Oh, you cannot expect abject compliance.

The ACTING CHAIRMAN: Is that carried as amended?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Mr. MUTCH: Report with amendments 1, 2, 3 and 4.

The ACTING CHAIRMAN: Report the bill with the recommendations as approved yesterday. That is right. Is that carried?

Carried.

Now let us turn our attention to the third report of the subcommittee. Have you anything to say on that, Mr. Chairman, that has not been said? Go on, get up. You are taking too long a time thinking about it.

Mr. MUTCH: Mr. Chairman, I never failed to respond to that challenge. I do not think so. The committee is aware that, prior to the reference of these matters to the subcommittee, there was a resolution on the order paper for two bills respecting the auxiliary services and the fire fighters; and at the suggestion of the committee, at a meeting from which I happened unfortunately to be absent and so could not resist it, the whole matter of these supplementary considerations was referred to the subcommittee in the hope that we might be able to suggest to you something in the nature of a bill comparable to the one we have just disposed of, to deal with the other aspects of benefits to civilians comparable to those given to members of the forces.

There are just two observations I should like to make. The first one is—and it will probably save a little time—that your subcommittee concurred in the bill which had been drafted and notice of which had been given, with respect to the auxiliary service personnel except in one regard. You will remember that the main committee had recommended on a previous occasion that the members of the auxiliary services should be given all the benefits which accrued to members of the armed forces. The bill which was brought in limited the income tax consideration to one-fifth of the taxable income being exempted. Your subcommittee reiterated the recommendation of the main committee with respect to the auxiliary services, that they should be given complete exemption in the matter of income tax. The second group dealt with in the natural order of things was the fire fighters.

The ACTING CHAIRMAN: Pardon me, Mr. Mutch, do you mind if I interrupt you here, although I hate to do so. There was an undertaking that I made yesterday with Mr. Macdonald with regard to the Halifax pilots. I overlooked that.

Mr. MUTCH: Oh, yes. I thought you had included it.

The ACTING CHAIRMAN: No, we had not. I thought we had.

Mr. MACDONALD: I was just wondering whether you wanted that matter brought up now or afterwards, Mr. Chairman.

The ACTING CHAIRMAN: All right, go ahead Mr. Mutch. I thought it was in that bill.

Mr. MUTCH: I would have raised it myself, but I was under the impression that, since it was recommended yesterday, the committee had accepted it.

Mr. GREEN: There is one point in connection with Mr. Macdonald's submission. As I understood it, the committee recommended yesterday that other groups should be added to this bill.

Mr. MUTCH: That is right.

Mr. GREEN: Are we going to have draft amendments adding them before us or is that to be left to the government, to put the terms in the bill that goes to the House?

Mr. MUTCH: I understood, from what the acting chairman said yesterday, that we carried the recommendation of the subcommittee that they be given the same consideration. I think, Mr. Chairman, you suggested it should be left to the department to draft it, including it in the bill along those lines. I do not know if there is any necessity for it coming back here; but going back for a moment to what I had to say, before I forget what I wanted to say, with respect to the fire fighters, you will remember, members of the committee, that we had coupled with the auxiliary services in a resolution of this committee a recommendation that both these groups be treated as though they were members of the armed services. That was not a unanimous report, but it was carried by a majority. Your subcommittee considered the various offers which had been made in a draft of a bill which was withdrawn when it came to the subcommittee, and your subcommittee, after discussion on division—and this was the only disputed issue in the subcommittee, I might say—decided they were not prepared to recommend as the general committee had recommended earlier, that the fire fighters be given complete coverage, as the auxiliary services were given. We accepted in the subcommittee the recommendations which had been made in the bill and which showed the distance which the government was prepared to go and suggested in addition two other clauses which were, namely, the granting of the civilian preference, and I think the other one was with regard to medical treatment. There are members of the committee who felt that our subcommittee should go the whole way as the main committee had done on division on a previous occasion, but the subcommittee on a polling of the opinions of its members carried the recommendation on division that the rights and privileges should be "less than". We did, however, add one new clause. You will remember that in the bill which dealt with these rights to certain auxiliary services the government did not offer to grant the whole income tax exemption but did offer one-fifth, and your sub-committee thought that in the case of fire fighters they should, in the matter of income tax, be granted the same considerations as were granted to the auxiliary services, for this reason, that during the early period of the service of the fire fighters no attempt was made to deduct their income tax at the source.

Mr. LENNARD: In fact, at any time.

Mr. MUTCH: Yes, but that is not germane to the point. They had not attempted to collect it prior to their return, shall I put it that way, and therefore your subcommittee felt there was a reasonable assumption on the part of these people that they were not being taxed, that the departmental practice was to deduct income tax at the source. For that reason we suggest that they be offered in the matter of income tax a position not less favourable than that accorded to the auxiliary services.

With respect to these four other groups who have made representation and on whose behalf briefs have been presented and were referred to the subcommittee, we were asked to consider their position and to make what recommendations the subcommittee felt were just and advisable with respect to these other

groups; and the recommendations which we made, Mr. Chairman and gentlemen, are embodied in the report. No attempt was made to draft a bill with regard to this matter. We could not know whether or not the committee, as a whole, would agree with us; we had no knowledge whether or not our recommendations were likely to meet with approval; and consequently, at this point, I think that as a basis for discussion, since we have no bill before us, we can hardly do otherwise than consider the report of the subcommittee in detail and then either concur in the report or amend the report of the subcommittee. If that is acceptable to this committee I move the adoption of the third report of the subcommittee and that, I think, will lead to a detailed discussion of it. We will either approve or amend it. I so move.

The ACTING CHAIRMAN: Mr. Macdonald now has the floor.

Mr. MACDONALD: Mr. Chairman, I wish this morning to say something with regard to the pilots, and to present for the favourable consideration of the committee the case of the dependents of Halifax pilots who lost their lives during the recent war. At the outbreak of war pilotage was made compulsory in the harbour of Halifax. This order was made by the commander of the North Atlantic station in pursuance of the authority given to him by the Defence of Canada Regulations. Those regulations in turn were made under the War Measures Act. Halifax, as you know, was one of the busiest ports throughout the war: upwards of 56,000 vessels entered or cleared that port during the war, and not the least of the responsibility of these pilots was the duty of looking after ammunition ships, a great many of which entered Halifax harbour. In some instances there were many thousands of tons of explosives handled. The regulations made by the commander of the North Atlantic station required every incoming ship and every ship leaving the harbour to carry a pilot. Now, there were at the outbreak of war in Halifax some 20 pilots, but that number was greatly increased during the war to meet convoy requirements. In 1942, in the very busy time at the close of that year, there were 20 permanent and 24 temporary pilots, or a maximum of 44. I am concerned to-day with the case of the pilots and the pool who were on board the *Hebridean* which was sunk in Halifax harbour by a freighter owned by the Newfoundland Steamship Company. The result of this collision was that six pilots and three members of the crew lost their lives. It might at this point be convenient to refer to a brief that was filed on behalf of the pilots in their claim for the special war risk bonus. This brief was presented by my colleague, Mr. Isnor, and it appears in the proceedings of 1945 at page 326, and I wish to quote two or three paragraphs from that report:—

The Halifax pilots; because of their position off the Port of Halifax, Nova Scotia, were continually subjected to great risk during the war, the pilot boat's position being, of course, some miles outside the Examination Vessel of the Royal Canadian Navy, and it is doubtful if there was any other port on the North Atlantic where great convoys moved in and out day and night under all kinds of weather conditions. The pilots operated right alongside the dangerous mine fields; ships were sunk by submarine action right alongside the pilot boat as the pilots were carrying out their duties as pilots to other ships; and the pilot boat *Camperdown* was severely shaken by depth charges during war action.

Furthermore pilots were over-carried from the Port of Halifax to the New England States and the West Indies by ships when there was such high loss through enemy action in these special waters. It is quite logical reasoning to conclude if the crews of the ships which carried the pilots were subject to war risk so were the pilots. Pilots were also carried several hundred miles out to sea where they were taken off by warships of the Royal Canadian Navy. Again it is logical to assume if such naval ships were liable to be engaged in war action (and

Mr. MACDONALD: I think the proper way to do this would be to have sections incorporated in this proposed bill to meet my wishes, and if that is agreeable to members of the committee we could substitute a new part of the Act for part IX and have part IX become part X.

Mr. MUTCH: IX becomes VIII in the Act and there is a new part which will become IX. VIII is dead.

Mr. MACDONALD: I have tried to make the provisions as simple as possible. They are as follows:—

PART IX

56. Subject to the provisions of this part, pensions shall be awarded in accordance with the rates set forth in Schedule "B" of "The Pensions Act" for members of the naval forces of Canada in respect of all pilots and members of the crew of pilot boats who while serving upon a pilot boat during the war, suffered death as a direct result of the collision of such pilot boat with another vessel in tidal waters, in or near to any area, that was at any time prior to the coming into force of this Act declared to be a "designated area" by the Treasury Board.

57. The rate of pension payable in respect of a person mentioned in this part shall be determined according to the rank or rating of the naval forces of Canada assigned to such person's status by the table set out in Section 8 of this Act.

58. No pension shall be payable under this Act to or in respect of any dependent other than the widow or children of the person on account of whose death pension is claimed.

59. No pension shall be payable under this part unless application is made therefor within one year after the coming into force of this Act.

I thought that rather than refer to any particular port or locality we could take sections that purported to be general and would apply to any pilot who lost his life in this war or any member of the crew of a pilot boat who lost his life while serving on a pilot boat in any Canadian tidal waters that were in or adjacent to any area declared to be a restricted area by the Governor in Council at any time heretofore.

Mr. MUTCH: Are there other ports than yours?

Mr. MACDONALD: There are other ports. This will take in the ports in restricted areas. This is the only case where a collision has taken place not only with a pilot boat but with any other boat where there was loss of life. If a case like that occurred on the Pacific coast I am sure you would have heard something about it by this time from Mr. Green.

Mr. GREEN: I would hope so.

Mr. ISNOR: Mr. Chairman, I do not think I can add very much to the able presentation of my colleague, Mr. Macdonald, except to say that I support his presentation in its entirety. We on the eastern coast are brought to a realization of the work carried out by pilots to a greater extent than the honourable members who do not live down there and who are not familiar with that particular section of the country and the work done by the pilots. Mr. Macdonald mentioned in or close to the vicinity. It is a known fact that pilot boats are not only stationed outside the immediate vicinity of the defence line as far as defence is concerned, but they are in the active waters—nine miles in one case—and have carried out their duties to a distance of sixty miles. That is on record, of course.

Mr. WINTERS: Nine miles from where?

Mr. ISNOR: From the examination point, what is known as the line for home defence in the active service area. These boats are stationed at all times beyond what is known as the danger area. I do feel that we will appreciate the benefits

accorded to the members of the merchant navy; the pilots are in the same position and should enjoy the same benefits.

The ACTING CHAIRMAN: Do you say that the pilots should enjoy the same benefits as the merchant navy?

Mr. ISNOR: Yes.

The ACTING CHAIRMAN: You are quite satisfied with that?

Mr. ISNOR: I have said that I endorsed the remarks of Mr. Macdonald. I do not think there is anything further that I can add because Mr. Macdonald gave a full coverage on this subject.

Mr. Mutch: May I say following the remarks of Mr. Macdonald that I come from the maritime province of Manitoba which was also a protected area. I should say on behalf of the subcommittee that the recommendations respecting this matter were brought to our attention by the Halifax members, particularly by Mr. Isnor, and we were able to resist the blandishments of Mr. Isnor. So far as I am concerned, as a member of that committee, I surrender to the joint recommendation of the members for Halifax, and I think the members of the subcommittee—although they can speak for themselves—endorse the recommendation. The presentation has been made more completely here. It seems that their needs and requirements are in line with those considerations which caused the subcommittee to make recommendations regarding others.

Mr. BAKER: I was on that subcommittee and I have been impressed by the presentation made this morning. Originally I did not want to deal with special cases, but this whole matter is so much in line with merchant seamen that I will endorse this presentation.

Mr. SINCLAIR: What is the daily rate of pay of these pilots?

Mr. MACDONALD: They earn fees. The amount of their earnings is set out in the report of the interdepartmental committee and appear in the record of the proceedings of this committee.

Mr. SINCLAIR: I am asking that because when this committee considered the R.A.F. Transport Command one of the factors influencing our decision was the fact that early in the war these men made \$1,000 a trip. I wonder if the pilots crossing the Atlantic got a daily fee comparable to the fee which those fliers got? The Vancouver pilots got substantial fees.

Mr. MACDONALD: They did receive substantial earnings, but those were pooled; one pilot did not earn any more than another.

The ACTING CHAIRMAN: I will read from page 42 of our proceedings:—

(5) The net average earnings of Halifax pilots from 1939 to 1945 are:—

For fiscal year:	
1938-39	\$3,228.36
1939-40	7,549.45
1940-41	8,299.17
1941-42	9,268.28
1942-43	5,538.00
1943-44	5,713.66
1944-45	4,817.06

Mr. SINCLAIR: That is exactly my point. It is difficult to compare these men and the type of work they were doing with the merchant marine. They should have been able to make some provision for themselves through insurance. I understand Nova Scotia does not include these men under Workmen's Compensation, but I think they are in a select class of men who are financially able to provide for themselves out of the average earnings, for example, of \$8,200 a year. I admit that Halifax is a dangerous harbour to work in—we have the *Queen Mary* not being able to make it in a southeast gale—but these men have been very well paid for their services, and we should be very careful in extending to them benefits such as we are extending to the \$1.30 soldier.

Mr. MACDONALD: With regard to Mr. Sinclair's suggestion, I am not going to argue in respect of pilots who are now living and who may claim for personal injuries that were occasioned in great activity during war years; the people I have in mind are the dependents of those pilots who were lost in March, 1940. They have disappeared. Had they lived they would have earned large fees, there is no doubt about that, but in the thirties they earned small fees, and had just got started to make some money when they lost their lives.

Mr. SINCLAIR: Does this go back to 1940?

Mr. MACDONALD: Yes, to 1940. I am not raising any question with respect to Halifax pilots in general but just to the dependents of those men who died before they had an opportunity to make provision for their dependents.

Mr. MCKAY: Mr. Chairman, as a member of this subcommittee I am prepared to accept the recommendation of Mr. Macdonald as far as pilots are concerned. He refers particularly to pilots who participated in overseas transportation and does not include any other groups. With regard to the remarks of Mr. Sinclair, as far as the income of these men is concerned certainly members of the merchant marine were the recipients of substantial incomes, and we took care of them. We have also taken care of certain members of the armed forces, men and women who had very substantial incomes. I do not think that argument can be used effectively in this case. I feel that these people, while not technically members of the armed services, did work that was indispensable and rendered a grand service and they should be compensated for anything that has happened to them.

Mr. WOODS: I wonder if they do not come under the bill and enjoy the same measure of protection as do the merchant seamen? For example, a ship is defined; it includes every description of vessel used in navigation travelling all waters; and as to the people covered it states in section 9: "persons who while serving upon any Canadian ship . . ." I submit there that the pilots are given the same measure of protection as the merchant seamen.

The WITNESS: Mr. Chairman, may I add something. I was anxious to hear the representations which were to be made. When Mr. Macdonald spoke yesterday I took it that he referred in particular to the case of the *Hebridean*. If I am correct, six pilots were drowned and three boatmen, and I think three boatmen were saved. As Mr. Woods has said, there is no distinction with regard to pilots and merchant seamen in the order in council that was in existence and in the draft of this proposed bill which has received the consideration of the committee. Claims were considered by the Canadian Pension Commission, and the only point to be determined was this: Did death result from enemy action or counteraction against the enemy? Now, at the time of the accident that was the only qualification that was necessary. Later on the Act was amended to add "or extraordinary marine hazards occasioned by the war."

That order in council came into effect toward the end of April, 1942. It would be of interest for the members of the committee to know whether the claims of these pilots and boatmen were considered by the Canadian Pension Commission. If they were considered on what basis was the consideration given and, if so, what decision was rendered by the commission? Last evening I obtained a file of one of the dependents in regard to a case mentioned by Mr. Macdonald, and, Mr. Chairman, if it is of interest to the Committee I should like to read the decision which was rendered.

A first hearing decision was rendered and on further representation a second hearing decision was rendered after a most careful and exhaustive study of these added representations. The case was pursued and an appeal board of the commission sat in Halifax on 14th April, 1942. I will give you the reasons leading to the decision of the appeal board.

This case came before an appeal board of the commission sitting at Halifax on April 14, 1942. It is an application under order in council P.C. 3359 as amended by P.C. 10/4029 and as further amended by P.C. 104/3546 dated April 30, 1942, which is the order in council governing merchant seamen. The claimant, whose name I will not mention, gave evidence at the hearing. She stated that in her opinion the captain of the pilot cutter was ill at the time of the accident; that his illness was a consequence of the extraordinary work placed upon all pilots due to the war and in consequence of his illness he became confused, as the result of which confusion the accident occurred.

In the opinion of this board this contention as to the actual cause of the accident has not been established, and is a matter of pure conjecture.

The facts of the case are briefly as follows: The pilot was drowned on March 28, 1940, off Portuguese Cove entrance to Halifax harbour, when the pilot cutter *Hebridean* was in collision with the steamship *Esmond*. His widow claims pension on the ground that her husband was killed as a direct result of enemy warlike action or counteraction taken against the same, within the scope of the order in council.

The pertinent provisions of the order in council read as follows:—

(h) "Enemy warlike action or counteraction taken against the same" shall include extraordinary marine hazards consequent upon hostilities occasioned by a ship or ships of Canadian registry or licence or by a certified non-Canadian ship or ships being at the time employed, to the satisfaction of the Canadian Pension Commission, in essential work.

2 (a) Subject to the provisions of these regulations pension shall be awarded in accordance with the rates set forth in schedules A and B of the Pension Act for members of the naval forces of Canada,

(i) to or in respect of all persons who, while serving upon any ship of Canadian registry or licence, during the war with the German Reich, suffer disability or death as a direct result of enemy warlike action or of counteraction taken against the same.

As a result of the aforementioned accident an enquiry was held under the presidency of Mr. Justice Carroll. This board has read the report of Mr. Justice Carroll and has noted in particular his finding which reads in part as follows:—

We have considered the manoeuvres of the pilot boat and are of opinion that the captain in charge was guilty of an error in judgment in attempting to cross ahead of the *Esmond* without allowing a proper margin of safety.

No findings are made to what caused this error of judgment on the part of the captain of the pilot cutter.

In order for the claimant to qualify under the order in council, it must be shown that her husband was subjected to some extraordinary marine hazard occasioned by a ship or ships, etc., being engaged in essential war work consequent upon a state of hostilities.

This board has carefully considered the evidence before it, including the aforementioned report of Mr. Justice Carroll, and has come to the conclusion that the deceased met his death while engaged in the profession of pilot and that the circumstances of the accident do not reveal that he was subjected to any extraordinary marine hazard over and above the ordinary hazards which a pilot has to undergo in the ordinary course of his professional duties.

We are consequently of opinion that this claim does not come within the scope of the order in council and the application is therefore not granted.

The commission ruled that death was not the result of "enemy warlike action or counteraction taken against the same".

I may say that an application could be made to the commission for leave to reopen and reconsider this claim on the ground if the applicant considered there was an error on the part of the commission or rather on the part of the appeal board when that decision was rendered, or on account of evidence which was not adduced at the time of the original hearing. If that application were to come before the commission, we would be glad to give very serious and sympathetic consideration to all the representations advanced.

By Mr. Herridge:

Q. I want to ask this question. Did this collision occur in the daytime or at night?—A. I asked that very same question late last night and the information I got was to the effect that it occurred about 6 o'clock in the morning, but there definitely was a heavy haze and there was not much light.

Mr. MACDONALD: Mr. Chairman, in order to be absolutely sure about that, I should like to move a resolution asking that this clause be incorporated in the Act. I know Mr. Woods says this may be unnecessary.

The ACTING CHAIRMAN: Yes.

Mr. MACDONALD: But I am not so sure about that; and I should not want to rely, in a matter of this kind, on any offhand opinion about the effect of this proposed legislation.

Mr. GREEN: It looks as though they are covered under Part I.

Mr. MUTCH: There is no harm in carrying the resolution. Then the law officers of the crown can draft legislation and make sure they are.

The ACTING CHAIRMAN: Just a minute. Let us be clear on that.

Mr. ISNOR: Mr. Chairman, I should like to point out for the benefit of the committee, in view of the statement made by Brigadier Melville, this fact, that the station of the pilot boat in peacetime is quite different from its station during the war period. I have before me a chart of the outer portion of Halifax harbour which clearly sets forth the peacetime limit of the pilot boat's station and away to the outward is a point indicated as where this particular pilot boat was in collision. I think that should be placed on record in view of the statement made, to show that there was a very marked difference in the location of the pilot boat during peacetime activities as compared with its position at the time of the collision.

The WITNESS: I should like to add further, although I cannot speak from actual knowledge. There was a definite limitation imposed in the original order in council which stated "due to enemy action or counteraction against the enemy". The amendment in 1942 may have arisen out of this accident. I do not know.

Mr. ISNOR: It is reasonable to suppose it was.

The WITNESS: There was an amendment which said that "enemy action or counteraction against the enemy" includes "extraordinary marine hazards occasioned by the war." Of course, this accident we have been discussing, the *Hebridean*, occurred in 1940.

Mr. ISNOR: It occurred in 1940, two years before the order in council. I quite agree that I think it was because of this accident that the order in council was brought into effect in 1942 which was broader in scope.

The ACTING CHAIRMAN: The committee has heard the details.

Mr. McKAY: Mr. Chairman, I have one question. Is the brigadier quite sure that accident occurred about 6 o'clock in the morning? The information I have was that it was at 11.30 at night.

Mr. MACDONALD: I think you are right.

The ACTING CHAIRMAN: In any event, it was some time between sunset and sunrise.

Mr. McKAY: If it were 11.30 at night, it would indicate to me that it was one of those very hazardous operations that these pilots were subject to because of war conditions.

Mr. SINCLAIR: Because of the blackout?

Mr. McKAY: Yes.

Mr. SINCLAIR: Surely.

The WITNESS: I would not want to argue about it, but one of the widows in testimony said that her husband left about 10 o'clock and the accident occurred about an hour afterwards. But I think there is a press statement on file which shows the time of the accident. I suggest if application was made to the commission we would be very glad to reconsider these claims. I cannot say, naturally, what action will be taken by the commission; but I do give this assurance, that we will most carefully and sympathetically review them within the provisions of the governing legislation.

Mr. ISNOR: You could not act unless an amendment such as suggested by Mr. Macdonald is made.

The ACTING CHAIRMAN: You have heard the discussion. I do not think there is anything further that can be said. Mr. Macdonald very carefully drew his suggestion and it apparently is quite in order. I cannot say what the government's attitude is; naturally I do not know. But what is the wish of the committee? Shall it carry?

Carried.

Mr. MUTCH: You have a motion before you now, Mr. Chairman, to concur in the third and final report of the subcommittee.

The ACTING CHAIRMAN: Gentlemen, if you take No. 42 of the minutes of proceedings and evidence, you have before you the whole case there. Let us see if there are some things upon which we can agree. The report says, "In respect of groups 1 to 6, your subcommittee recommends that they be granted limited benefits as follows:—

1. Supervisors in the auxiliary services.

All benefits granted to veterans.

This is in accordance with the recommendation of the main committee.

Mr. GREEN: Mr. Chairman, I should like to put before the committee the position with regard to the auxiliary services and the Corps of Canadian Fire Fighters.

Mr. MUTCH: Let us take it by sections and agree on what we can agree on.

The ACTING CHAIRMAN: All right, Mr. Green; go ahead.

Mr. GREEN: That was dealt with on April 5 and on that date this resolution was put through this committee, that the committee recommend—

Mr. BENEDICKSON: Is this the subcommittee or the main committee?

Mr. GREEN: It is the full committee. The resolution put through was:—

That the committee recommend that the supervisors of the auxiliary services and fire fighters of the Corps of Canadian Fire Fighters despatched overseas be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces.

I want to point out to the committee that that included income tax exemption. During the discussion on that day there were statements made with regard to income tax exemption. For example, Hon. Mr. Power referred to the man who had been in Hong Kong with the Knights of Columbus auxiliary services. His name was Frank G. O'Neill; and I referred to a man by the name of Porteous, who had been in Hong Kong with the Y.M.C.A. auxiliary services. These two men were the only two men in the whole of the Hong Kong forces who did not get

income tax exemption. When they got home they were deducted. They were forced to pay income tax. I think the committee were unanimous in feeling that was unfair.

Mr. Mutch: Your subcommittee concurs.

Mr. Green: This recommendation, as I say, was duly passed by this committee. Then on May 7 Mr. Mutch's subcommittee was set up, and it was set up to study this bill which we have just completed, the civilian war pensions and allowances bill. Two weeks later, on May 24, a motion was put through referring to them the recommendation made by the main committee with regard to the auxiliary services and fire fighters; but I want you to notice the wording of that resolution, because this is a very important matter. I think, if fairness is done in this committee, the decision will not be in accordance with Mr. Mutch's subcommittee's recommendation.

The ACTING CHAIRMAN: Mr. Green, I do not follow you. The subcommittee recommends all the benefits granted to veterans for the auxiliary services.

Mr. Green: Just let me make my argument, Mr. Chairman, please.

The ACTING CHAIRMAN: All right.

Mr. Green: This motion was passed by the committee on May 24:—

On motion of Mr. Gillis, it was resolved that the recommendation of the committee respecting supervisors and fire fighters in the Corps of Canadian (Overseas) Fire Fighters be not now reported to the House but that it be referred to the subcommittee appointed to study the proposed bill respecting civilian war pensions and allowances for embodiment in an all-inclusive bill covering civilian groups.

The words I want to stress are those last words, that this recommendation was referred to the subcommittee for one purpose and one purpose only, and that purpose was "for embodiment in an all-inclusive bill covering civilian groups." It was not referred to this subcommittee to be changed by the subcommittee, which has been done. It was not referred there at all for their opinion as to whether or not the recommendation was right. It was referred for embodiment in a bill, the idea being that all of the different groups should be covered in one bill for allowances, just in the same way as all the groups were covered in one bill for pensions. There was quite a lot of discussion on that day. The chairman, Mr. Tucker, for example, in opening the meeting actually brought in a draft report to the House and the first paragraph of that report was this:—

The Special Committee on Veterans Affairs begs leave to present the following as a fifth report.

Your committee recommends that the supervisors of auxiliary services and fire fighters of the Corps of Canadian Fire Fighters despatched overseas be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed services.

That, of course, was the very wording of the recommendation that had been passed. Then there was a second paragraph of this report dealing with the insurance principle. As the meeting went on, there was discussion about getting all these groups—the V.A.D.'s, the Red Cross and all the groups—into one bill. As a result of that discussion Mr. Gillis moved his motion, and we find the chairman explaining what was being done, at page 617. He said:—

... So the suggestion to the committee now is—and I am always ready to see possibilities of saving time and saving dispute—not to go ahead with separate bills as suggested, but for these different people to be dealt with in part of one all-inclusive bill, the same as we have done with regard to civilian pensions, having a part dealing with fire fighters, a part dealing with supervisors, and a part dealing with merchant seamen, That is the motion of Mr. Gillis.

Then I asked Mr. Gillis at page 620, just to make sure that that was the case, what the position was. The chairman called the question and the discussion went like this:—

Mr. BROOKS: Let me understand this. Mr. Gillis does not wish to withdraw that, that those fire fighters and supervisors be accorded all the benefits of the armed forces. You do not wish to have that withdrawn?

Mr. GILLIS: No.

Mr. BROOKS: What you wish is that these other groups be included with the fire fighters and with the auxiliary services, retaining in that bill the recommendations which have already been made for the fire fighters and auxiliary services?

Mr. GILLIS: Surely.

Mr. BROOKS: I agree.

Mr. GREEN: Are you willing to make your motion subject to our prior recommendation?

Mr. GILLIS: That is already done. This committee has decided that.

Mr. GREEN: No. Apparently you are not wishing to upset the provisions recommended.

Mr. GILLIS: Certainly not.

Mr. GREEN: Will you include that in the motion?

The CHAIRMAN: The matter is referred to the subcommittee. As I pointed out, it is referred to the subcommittee. We are not taking any steps about a previous decision. We are just referring it to the subcommittee and that is all.

Mr. GILLIS: That subcommittee reports back to this committee.

The CHAIRMAN: Yes. Are you ready for the question?

Some Hon. MEMBERS: Question.

Mr. GREEN: You are not wishing to upset any prior recommendation made by the committee?

Mr. GILLIS: Certainly not, because I was a party to it.

And on that basis the motion was unanimously agreed to. There was a further discussion on this point, with regard to this recommendation made by the full committee, on May 2nd and there different members of the committee took the same stand. I have here the report of the remarks of our chairman for to-day, Mr. Croll, who at page 325, says as follows:—

Mr. CROLL: May we wind this up? There is not the slightest question as to what the chairman has said. I do not know why we invited an amendment here.

That was the day the fire fighters came and made a further representation. Some of them were here. They had not been heard before, although we had passed a recommendation, so they came up here a week or two later and asked to be heard. This is Mr. Croll speaking while they were here. Continuing his remarks:—

What are we talking about? Let us bring it to an end. In any event the committee has passed it. We are bound by what the committee has done. We are satisfied with what the committee has done and there it is for the purpose of the record. It is now up to us to see that the committee's intentions are carried out.

I think I will let it drop at that. Mr. Mutch is on record here several times to the same effect.

Mr. SINCLAIR: That is surprising.

Mr. GREEN: He said, at page 321 as follows:—

Mr. MUTCH: Is not this the situation here? The committee has given a decision and made a recommendation. The people on whose behalf the committee made the recommendation have expressed their satisfaction with that recommendation. This is a courtesy hearing, an opportunity to these gentlemen to bring any further evidence before us in case this might develop into a difference of opinion at some later date. There is nothing respecting this hearing this morning for this committee to do, unless somebody wants to get up and move a resolution that we change our mind, which would be silly, or get up and say the committee has changed its mind which, I imagine, would be ineffective.

There are several other remarks to the same effect. At page 325 he says:—

Mr. MUTCH: You are not going to suggest as to any matter which comes before this committee that every time we lose an argument we are going to reopen that case. We would never get through.

At page 326 he was dealing with his own opposition with regard to the fire fighters or the stand he took at a previous sitting and he said:—

I want to make it abundantly clear that is not opposition. I was not opposing them then and I am not quarrelling with the decision of the committee now.

Then Mr. Quelch at page 322 said this:—

Mr. QUELCH: This committee has gone on record recommending that the firefighters be given the same benefits as men in the armed services. All of those who supported that, I think, are satisfied.

And so on. Then on the same page, Mr. Gillis is reported as follows:—

Mr. GILLIS: Might I just say this, Mr. Chairman? This committee has already decided that they would be treated as soldiers. We have made that decision.

Now I submit in all fairness to the members of the committee—and I realize that the government supporters are in the majority in the committee—that the recommendation having been passed by the committee and having been referred simply for incorporation in to a bill, cannot now be amended by the subcommittee. Yet you find the subcommittee has brought back a report, first of all dealing with the supervisors. It is true they say they will get all the benefits granted to veterans; but Mr. Mutch himself said this morning that as far as income tax was concerned they were only recommending that they get one-fifth exemption.

The ACTING CHAIRMAN: No. It does not say that there.

Mr. GREEN: No. He said that.

The ACTING CHAIRMAN: It does not say that here.

Mr. GREEN: He said it himself this morning when he was making his report. or yesterday when he made his report. I think it was this morning, though.

Mr. LENNARD: That was not unanimous, Mr. Green.

Mr. GREEN: He said, "The government is not prepared to do anything on the income tax and we are recommending that they get one-fifth exemption," which is what they got. Income tax is a mighty important feature, as I pointed out in connection with the cases of the two men who went to Hong Kong.

Mr. HARRIS: Are you speaking of the supervisors or the fire fighters?

Mr. GREEN: This is his recommendation on supervisors.

Mr. HARRIS: Let us confine ourselves to that. I understand that there is nothing in what has been read that would amend that.

Mr. GREEN: No. But Mr. Mutch in his recommendation says "all benefits granted to veterans."

The ACTING CHAIRMAN: That means everything.

Mr. GREEN: But he said in explaining it today that they were only recommending one-fifth exemption for income tax.

The ACTING CHAIRMAN: Oh, no, Mr. Green. That is not so. I remember that Mr. Mutch talked about that, but I do not think that is what he said.

Mr. GREEN: Check it up in *Hansard*.

The ACTING CHAIRMAN: No. If we are agreed on this—

Mr. GREEN: You will find that is what he did say.

The ACTING CHAIRMAN: I have no recollection of that. There is no desire on our part to limit that.

Mr. SINCLAIR: The fire fighters are limited but not the auxiliary services.

Mr. GREEN: Then he went on to bring in a different recommendation with regard to the fire fighters.

The ACTING CHAIRMAN: Yes

Mr. GREEN: He has altered the recommendation on the fire fighters apparently to comply with what the government is willing to do.

The ACTING CHAIRMAN: Oh, no; that is not so.

Mr. GREEN: Well, what he said amounts to that.

The ACTING CHAIRMAN: Look, Mr. Green—

Mr. GREEN: Oh, there were one or two additions.

Mr. BAKER: You were not there.

Mr. GREEN: I was here when he made the report.

Mr. BAKER: You were not on the subcommittee.

Mr. GREEN: But I heard his report here. I submit to you, Mr. Chairman and to the members of this committee, that the subcommittee have not the slightest right to change the recommendation that was duly passed by this main committee and which the different members of the main committee have stood behind and said they backed up. I suggest that, as far as those first two groups are concerned,—the auxiliary services and the fire fighters,—the only fair thing to do is to put the recommendation in the way Mr. Tucker had it drawn on April 5th. If that is done, you will be following out the resolution under which it was referred to this subcommittee, simply for incorporation into a bill. We are not going to have any bill at all now. We are simply going to make a recommendation dealing with these different cases. So far as the two groups are concerned, the supervisors and the fire fighters, I submit that the only thing to do is to put in our report the recommendation as drawn by Mr. Tucker, which was:—

That the committee recommend that the supervisors of the auxiliary services and fire fighters of the Corps of Canadian Fire Fighters despatched overseas be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces.

The ACTING CHAIRMAN: May I just say one thing with respect to some of us who are committed on the record. Undoubtedly what Mr. Green says is true. But whenever greater benefits are handed out, Mr. Green or any other member of the committee is likely to sit back and say, "Oh, no; you must go so far and no further." This report of the subcommittee is a more generous report.

Mr. GREEN: No; you are wrong there.

The ACTING CHAIRMAN: I think what I said is so in some respects.

Mr. GREEN: You misunderstand it. Let me explain. The original recommendation of this main committee was, as I have just read, that they get all the benefits the same as the veterans, including income tax exemption. That was the recommendation. It includes everything. Mr. Mutch cut that down.

The ACTING CHAIRMAN: No. Actually he improves that with a later resolution. The committee improved that with a later resolution dealing with fire fighters.

Mr. GREEN: No. There was never any later resolution dealing with fire fighters at all.

The ACTING CHAIRMAN: In this committee.

Mr. GREEN: The only time this committee dealt with fire fighters was on April 5th.

The ACTING CHAIRMAN: You are right. There was not. I thought there was.

Mr. GREEN: But they passed that particular recommendation, that they be treated as veterans.

The ACTING CHAIRMAN: Yes.

Mr. QUELCH: Mr. Chairman, Mr. Green is right on that point. I think Mr. Croll is confused on this point. The government apparently, after turning down the recommendation of the committee presented to parliament a bill.

The ACTING CHAIRMAN: No, it has not been presented.

Mr. QUELCH: It is on the order paper.

The ACTING CHAIRMAN: It is merely notice.

Mr. GREEN: A resolution.

Mr. QUELCH: It was a resolution rather; and that resolution ignores entirely the recommendation of this committee.

Mr. LENNARD: Mr. Chairman, something was said a few minutes ago about what Mr. Mutch said. In rendering this report he stated this morning that the decision of the subcommittee was not unanimous. It was on division.

The ACTING CHAIRMAN: That is right.

Mr. LENNARD: Yes.

The ACTING CHAIRMAN: But we have before us now the report. Let us deal with one thing at a time. Let us deal with the recommendations made by the committee one by one. First are the supervisors.

Mr. GREEN: Mr. Chairman, I must point out to you, on a point of order, that this committee is wrong in considering those first two, one by one, because the report from the subcommittee is entirely without authority. They have no authority to make that report, and I submit we have no right to go into those first two one by one. We have already dealt with the subject and decided what our recommendation should be; and I submit that recommendation should go into our report to the House.

The ACTING CHAIRMAN: What is the purpose of appointing a subcommittee, then?

Mr. GREEN: The subcommittee, as I pointed out to you when I read that, was appointed in the first place on the 7th of May to consider this civilian pension bill.

The ACTING CHAIRMAN: Yes.

Mr. GREEN: Then on May 24, it was asked to consider allowances for the other groups with the exception of the auxiliary services and the firefighters, and with regard to them was authorized simply to embody our recommendation

in the bill. That is the way Mr. Tucker explained it—that it was to get them all under the one bill, and the wording of the resolution of May 24 is: “. . . for embodiment in an all-inclusive bill covering civilian groups.”

The ACTING CHAIRMAN: Well, I have not looked up the authority. I accept what you say. I am sure you are quoting the authority.

Mr. PEARKES: I have it here.

The ACTING CHAIRMAN: We have the recommendation of the subcommittee. We attempted to deal with the matter. We know as a matter of fact, for practical purposes, that the government have indicated how far they will go with respect to the supervisors and the firefighters, and the issue has to be cleared up sometime in order to get the matter before the House and get it settled. We have it in a practical fashion before us and we might as well deal with it.

Mr. LENNARD: Mr. Chairman, things are going on in connection with this committee that I do not think are right. We sit here as a veterans' affairs committee and we make recommendations, and if the government cannot meet those recommendations that is their responsibility. We should make our recommendations in regard to this matter.

The ACTING CHAIRMAN: Mr. Lennard, you are on record as having made certain recommendations and as having voted in a certain way for certain benefits. Now, the committee reports that certain things be done and it is the government's responsibility. We know that the government has indicated how far they are prepared to go. I think the committee has even gone beyond what the government is prepared to go, but let us get something into the House which will give these people some benefits.

Mr. LENNARD: Why bring in modifications as has been done with the firefighters and the supervisors in connection with income tax?

The ACTING CHAIRMAN: In as far as supervisors are concerned all benefits are granted, and that is exactly the recommendation of the committee, as Mr. Green points out. There can be no question we differ on the question of firefighters who served in the United Kingdom. The government takes one view and the committee takes another. Let us get something in that we know will pass the House rather than have something we want that will not pass in the House. Let us get some benefits for these people. It does not do us any good to say that we will not make any recommendations if the government will not accept them—that we will take that or nothing.

Mr. GREEN: You are contending that it is the duty of this committee to pass only such recommendations as the government will accept.

The ACTING CHAIRMAN: I did not say that.

Mr. GREEN: That is the effect of your argument. You say that the government will not accept this so what is the use of passing it. That is not my idea of the purpose of this veterans' committee. I move that we carry this report as drawn up by Mr. Tucker on May 24:—

That the committee recommend that the supervisors of the auxiliary services and firefighters of the Corps of Canadian Firefighters despatched overseas be accorded all benefits, pensions, rehabilitation rights, and income tax exemption as members of the armed services.

What I mean is that so far as these groups are concerned that will be our recommendation to the House.

Mr. SINCLAIR: I have one observation to make to Mr. Green. About two weeks ago I brought forward an amendment that the committee adopted but which Mr. Green opposed. The following day he said in committee that we had not the right to go ahead and include that recommendation; that that was for the government to decide. I suggest that he cannot be fish one day and fowl the next.

Mr. GREEN: No, you are not as smart as that. I say the same thing to-day. What I said was this: when the committee makes a recommendation to the House then it is the responsibility of the government to decide whether or not it will accept that recommendation. I said in the case of your recommendation that I thought it was an unwise one and that the government would have been wise not to accept it. Now I am saying that when we come to this recommendation to-day it is up to the government to decide whether or not we will accept it. I think they should accept it. I think they would be wise to accept it, but they may not; and if they do not that is their business. My stand has been perfectly consistent all the way through. It is for the government to decide. I said in the case of your recommendation that I did not think it would be wise for the government to accept it and that when it came before the government they might reject it.

Mr. HARRIS: Mr. Chairman, in the first place you will recall that on the 5th of April I voted against the benefits for the firefighters. That was that double resolution which combined both the supervisors and the firefighters in the same resolution. It is not a matter of argument that I think the same way about the firefighters to-day. However, I think Mr. Green has been a little unfair with the subcommittee in what he has said this morning. I have been looking over the record recently. Quite correctly he read from the record of the meeting of May 24, but may I say there was a good deal of argument leading up to the placing and passing of Mr. Gillis' motion. It was stated by either the chairman or the minister that the department was at that time considering income tax exemptions and that in the interval certain advances had been granted to both supervisors and firefighters, and the matter was continuing to receive consideration and it was on this suggestion and the chairman's statement that the motion was put recommending a subcommittee go into this question. I think every person who spoke up to the time of the passing of the resolution understood that it was based on two things: first, that if you bring a bill into the House as it was proposed to do and you did not have sufficient opinion crystallized in this committee you would have opposition—presumably from Mr. Harris and other members who oppose the firefighters—and no good would come from the discussion there and it would bounce back into this committee; secondly, the government was still considering their position at that time on those two questions, and therefore the whole question was shelved on the committee. I could certainly read an inference out of all the discussion to consider the matter, that the government—

Mr. GREEN: Mr. Gillis moved the motion precisely so as to include that position.

Mr. HARRIS: Quite so, but we debated the suggestion of Mr. Mackenzie that the government was at the moment considering these questions, that there was no final opinion on it and there would not be if the bill were introduced into the House; therefore, refer these two questions to a subcommittee in the hope of getting a unanimous opinion.

Mr. GREEN: Oh!

Mr. HARRIS: If you would read the discussion leading up to the motion I think you will agree with me.

Mr. GREEN: I certainly disagree with you 100 per cent.

Mr. HARRIS: Maybe, but I have just gone through this. The subcommittee may have gone beyond the powers given it, but I suggest they have not. I favour the discussion of the report in its present form rather than to rap the subcommittee on the knuckles for apparently having stepped beyond a certain point. I have no doubt that problem has been considered by the subcommittee.

The report is there. The proper thing to do is either to adopt or reject it in its present form. There is no use in throwing holus-bolus condemnation on them for the way they conducted themselves.

Mr. PEARKES: Mr. Chairman, two things seem to me to emerge out of this discussion: one is that the subcommittee undoubtedly did exceed the terms of reference given to it; I do not think there can be any dispute about that; the second thing is that information which has been more recently received seems to show that the government is not prepared to accept the original recommendations which were made by this committee in connection with the firefighters. Now, we want to get on with this business, would not the best way to solve our problem be to refer this report back to the subcommittee with revised terms of reference to enable them to bring in the recommendation that they have now illegally brought in?

The ACTING CHAIRMAN: I think Mr. Harris' suggestion is that the proper procedure appears to be that the recommendation of the subcommittee be concurred in or not concurred in, and that is the answer to the matter; either we adopt the report or we do not adopt it.

Mr. QUELCH: Can we not refer the report back for redrafting on certain points?

The ACTING CHAIRMAN: Let us get to the point. We have supervisors and the auxiliary services with all benefits granted. Is there any objection to that?

Mr. GREEN: I put a motion.

The ACTING CHAIRMAN: Mr. Green moves in amendment that the committee recommend in respect of items 1 and 2 that the supervisors of the auxiliary services and firefighters of the corps of Canadian firefighters despatched overseas be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed services.

Mr. GREEN: And that report be made to the House covering those groups.

The ACTING CHAIRMAN: Yes, both of them. Now, all those in favour of this amendment?

Mr. WINTERS: There seems to be some question about the terms of reference to the subcommittee.

Mr. PEARKES: Here are the minutes.

The ACTING CHAIRMAN: I recall being here at the time, and as Mr. Harris said there was quite a controversy, and we decided to refer the matter to the subcommittee for a decision. At that time I was opposed to it.

Mr. WINTERS: I am wondering if the terms are as Mr. Green suggested?

Mr. GREEN: I have them here. I can read them:—

On motion of Mr. Gillis, it was resolved that the recommendation of the committee respecting supervisors and firefighters in the Corps of Canadian (Overseas) Firefighters be not now reported to the House but that it be referred to the subcommittee appointed to study the proposed bill respecting civilian war pensions and allowances for embodiment in an all-inclusive bill covering civilian groups.

The ACTING CHAIRMAN: It really does not make much difference because the amendment for all purposes rejected the report. What is your feeling with regard to the amendment? Let us have a showing of hands.

The amendment is carried.

Now, let us take No. 3, concerning the V.A.D.'s who served with the Canadian army under the provision of the order in council. Shall that recommendation carry?

Mr. SINCLAIR: I want to speak of 3, 4 and 5 again. I spoke on April 3 regarding the position of the V.A.D. girls, the Red Cross girls and the St. John Ambulance girls serving overseas. All of these girls served overseas at a rate of pay less than \$30 a month. They provided their own clothes. In my opinion they are certainly entitled to as full veterans' benefits as the CWAC's, the Wrens and the W.D.'s serving in Great Britain. All they are given is class 3 treatment if pensionable and a gratuity of \$15 for every 30 days' service. They should be made eligible under the Veterans' Land Act. They should have the advantage of vocational training even though they are not pensionable, and the rehabilitation benefits. I have yet to hear any argument given why these girls are not as worthy of these benefits as the girls who served in the regular armed service—for example, the girls who served in Canada. Every one of these girls I am referring to served overseas either in England or France as V.A.D.'s. At the moment I will confine myself to the case of the St. John Ambulance girls.

Mr. WOODS: Group 3, V.A.D.'s, I am told, did not serve overseas, but confined their service to Canada. There is an army officer here who can correct me if I am wrong.

Mr. SINCLAIR: I withdraw that.

The ACTING CHAIRMAN: Shall 3 carry?

Carried.

Now, 4: members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war.

Mr. SINCLAIR: I move that the members of the Canadian Red Cross Society and St. John Ambulance Brigade who served in an actual theatre of war be given full veterans' privileges. I refer to just those two groups. I do not think the number would exceed 500.

The ACTING CHAIRMAN: It is up to the committee. Has anyone else anything to say?

Carried.

Now, 5: orthopedic nurses employed by the Scottish Ministry of Health.

Carried.

Now, 6: former civilian flying personnel of No. 45 group R.A.F.

Carried.

Now, I have a letter here from the Canadian Legion War Services, Incorporated, and I want to put it on the record:—

CANADIAN LEGION WAR SERVICES, INC.

OTTAWA, CANADA,
July 18, 1946.

Mr. J. C. G. HERWIG,
General Secretary,
Canadian Legion of the B.E.S.L.,
P.O. Box 640,
Ottawa, Ontario.

DEAR MR. HERWIG,—

With reference to supervisors and others employed by Canadian Legion War Services in Canada during the war, I find that six supervisors died during their service with us, or within a very short time after leaving our service, due to illness, and that three of our employees lost their lives in the fire which destroyed the Halifax Hostel on November 4, 1944, and furthermore that six supervisors endured long periods of

hospitalization without compensation during the course of their service, and some of these cases eventually resulted in death. One of our supervisors, Mr. Orton Dowd, had a serious fall while on duty, which has left him with a stiff elbow.

In the majority of these cases it is my opinion that illness was brought on by over-work, long hours, and the strain of keeping on duty with very little leave over a period of years.

Due to the short notice given to me it has been impossible in the time allowed to provide full particulars about each case but these can be supplied later.

Typical illustrations, however, are those of Mr. C. P. Holden of Liverpool, N.S., who served at our District Headquarters in Halifax and was transferred to Aldershot Camp in November, 1943. Within two weeks he was stricken with spinal meningitis and died within a few days.

In the case of Mr. R. S. Wright of Montreal, he carried on for a very long time although he had previously been compelled to take a rest on account of a heart condition but was finally sent to hospital for a complete rest but died the day after his discharge, from a heart attack.

Yours sincerely,

(Sgd.) D. E. MacINTYRE,
General Manager.

Mr. PEARKES: Could we have a little more information regarding the instructors who were at the elementary training flying schools?

The ACTING CHAIRMAN: I think that is on page 42 or 43.

Mr. PEARKES: Are they civilian instructors?

The ACTING CHAIRMAN: They were the people who had such heavy casualties.

Mr. PEARKES: No, I am referring to 7 and 8. Were they civilian instructors?

The ACTING CHAIRMAN: They were the instructors in elementary flying training schools.

Mr. WOODS: This group are referred to on page 26 of the report of the interdepartmental committee.

The ACTING CHAIRMAN: They are referred to on page 33 of the minutes.

Mr. SINCLAIR: I take it these were very largely instructors who, perhaps, shall we say, were seconded from the R.C.A.F. or, perhaps, retired from the R.C.A.F. Perhaps they were brought in at civilian rates of pay.

The ACTING CHAIRMAN: Yes, there were two groups, civilians and graduates from the schools who served at civilian rates of pay.

Mr. SINCLAIR: The graduates from the school were not in the service, they were civilians.

The ACTING CHAIRMAN: That is right. We heard their representations.

Mr. PEARKES: This was long ago, and it is difficult to remember the facts.

Mr. LENNARD: The representatives of the Legion are here and I wonder if they could tell us what they think the supervisors in Canada should receive.

The ACTING CHAIRMAN: The representations are on record. I put them both on the record so that they can be read.

Mr. GREEN: We are practically through with this report, could we not hear from the Legion as to what they are asking for these supervisors?

Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L., called:

The WITNESS: Mr. Chairman, following the meeting held the other day in which the subcommittee's report was read, I gathered from that that certain civilians who had not served overseas were receiving some consideration. Now, that being the case, I thought that we should put on record the circumstances in which some of our own supervisors had worked in Canada and some of the difficulties which they encountered. The letter which has just been read was procured at the request of Brigadier Melville and gives some cases of the troubles of some of the supervisors. That letter indicates some of the things we have to deal with in respect of postwar compensation. After all, in the C.L.W.S. there is no provision for compensation of any kind. These men worked at low salaries for a long time and were under military control at times, just as were the other personnel we have discussed, and consequently they feel they should be entitled to some sort of consideration. They, of course, would like to have much more than we are suggesting. They feel they are entitled to even the gratuity which is paid to military personnel who served in Canada only. However, we have presented this material in view of the discussion.

Mr. GREEN: What are you asking for them?

The WITNESS: What is suggested for the V.A.D's who served in Canada only, and pension rights.

The ACTING CHAIRMAN: What about eligibility for class 3 treatment and eligibility for training? That would probably be not much good to your people who are older. Most of these people that I saw, if I recall correctly, were all older.—

The WITNESS: I think, putting it in a few words, that it would result in two or three cases being entitled to pension. That would be what we are after.

Mr. GREEN: That would mean putting it in the civilian pension bill.

The ACTING CHAIRMAN: It is a matter for some discussion, but that is where they would fit in. At the present time the information from them is very skimpy. They just have not been able to get the information together because they have not had the time. They give us the case of one man or a couple of men. What have you to go on? You do not know what their physical condition was before they came in and hardly know what it is after. Those are some of the problems.

The WITNESS: They would be the cases that would have to be presented to the Board of Pension Commissioners.

The ACTING CHAIRMAN: Yes, to have some evidence on them.

The WITNESS: If some information was required, we can certainly provide it.

The ACTING CHAIRMAN: I think you ought to provide pretty thorough information, because if we go into it we ought to know how many we have got to pension and what the disabilities are. Treasury are very sticky about what the taxes will be next year.

Mr. Woods: May I ask the witness whether these auxiliary service supervisors who served in Canada only were given a medical examination by the services? If not, what documentary evidence would you have of a man's physical condition when he started?

The WITNESS: I would ask Lieut.-Colonel MacIntyre to answer that.

Lieut.-Colonel D. E. MACINTYRE: In the early days of the war they were not given a medical examination by the military authorities; but later on it was compulsory that all supervisors serving in camp areas be examined and they were given the Pulhems test.

Mr. Woods: Do you remember what date that was started?

Colonel MacINTYRE: I cannot quote the date.

The ACTING CHAIRMAN: Would you think there were any who would get in after that who would be entitled to compensation after the medical examination?

Colonel MacINTYRE: There might be some. I have not got the figures with me.

The ACTING CHAIRMAN: I think we will see what other figures they can get for us. We have not got enough. It is 1 o'clock gentlemen.

Mr. GREEN: Have you been in touch with the other organizations with regard to the men in Canada only?

The ACTING CHAIRMAN: Oh, yes.

Mr. GREEN: The Knights of Columbus, the Y.M.C.A., and the Salvation Army?

Mr. HERWIG: Not at this time. It has been discussed.

Mr. GREEN: Could you get their views on it?

The WITNESS: I think we could.

Colonel MacINTYRE: We just dealt with overseas people so far.

The WITNESS: There would only be a limited number in any organization, I am sure.

The ACTING CHAIRMAN: As I understand it, this recommendation was going to the House. It is not necessary for it to come back to the committee again.

M. GREEN: A report is going to the House?

The ACTING CHAIRMAN: Yes.

The committee adjourned at 1 o'clock to meet again on Monday, July 22, at 11 a.m.

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Special Session, 1946

(SESSION 1946)
(HOUSE OF COMMONS)

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

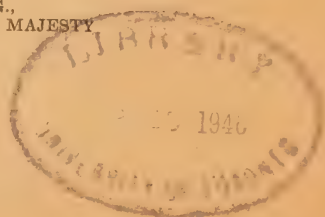
No. 49

MONDAY, JULY 22, 1946

WITNESSES:

Air Vice Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D., Acting Chief of Air Staff; Wing Commander J. D. Jennison; Lieut. Commander W. M. Maccoll; Mr. C. H. Bland, C.M.G., Chairman, Civil Service Commission; Mr. W. S. Woods, Deputy Minister, and Major-General E. L. M. Burns, O.B.E., D.S.O., M.C., Director of Rehabilitation, Department of Veterans Affairs; Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



MINUTES OF PROCEEDINGS

MONDAY, July 22, 1946.

The Special Committee on Veterans Affairs met at 11.00 o'clock a.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Bentley, Emmerson, Green, Harkness, Isnor, Jutras, Macdonald (*Halifax*), McKay, Mutch, Pearkes, Quelch, Sinclair (*Vancouver North*), Tucker, Winters.

In attendance: Air Vice Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D., Acting Chief of Air Staff; Wing Commander J. D. Jennison; Lieut. Commander W. N. Maccoll; Mr. C. H. Bland, C. M. G., Chairman, Civil Service Commission; Mr. W. S. Woods, C.M.G., Deputy Minister, and Major-General E. L. M. Burns, O.B.E., D.S.O., M.C., Director of Rehabilitation, Department of Veterans Affairs; Mr. J. C. G. Herwig, General Secretary, Canadian Legion of the B.E.S.L.

Air Vice Marshal Curtis was called, heard respecting extension of veteran preference for employment in the Civil Service to veterans who served in Canada only, and was questioned thereon.

Messrs. Bland and Herwig, General Burns and Commander Maccoll were called and questioned.

On motion of Mr. Sinclair, it was resolved that the Committee recommend that the present civil service preference for disabled veterans and veterans who served overseas be extended to cover all employment, both temporary and permanent, by Dominion Government agencies, inclusive of Crown companies.

Mr. Isnor moved that the subject of civil service preference be referred to a subcommittee for study and report.

Mr. Green moved, in amendment, that consideration of the subject of civil service preference be deferred until the Committee meets to prepare its final report.

After discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

The witnesses retired.

The Chairman informed the Committee that certain amendments had been made by the Department of Justice to the draft bill respecting business and professional loans to veterans, reported to the House on July 9, and promised that copies of the revised draft would be distributed at the next meeting.

At 1.00 o'clock p.m., the Committee adjourned until Tuesday, July 23, at 4.00 o'clock p.m.

A. L. BURGESS,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

JULY 22, 1946.

The Special Committee on Veterans Affairs met this day at 11 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: According to the instructions of the committee we have arranged to have a representative of the air force here to make a presentation in regard to the civil service preference. They have sent Air Vice Marshal W. A. Curtis, C.B., C.B.E., D.S.C., E.D., Acting Chief of the Air Staff to make the presentation to us. I will now call on Air Vice Marshal Curtis.

Air Vice Marshal W. A. Curtis, C.B., C.B.E., E.D., Acting Chief of Air Staff, called:

The WITNESS: Mr. Chairman and gentlemen, the members of the personnel committee, representing the three services, presented the views of the services, I think very clearly in their statement of 4th July, 1945, and made the recommendation at that time that all personnel who volunteered for service without restrictions be put on the same preference as those who were serving overseas. Since that time our commanding officers in the field have reported back that commercial companies are following the government practice of giving special consideration only to veterans with overseas service and as a result those who volunteered for service anywhere in the world will be discriminated against in every part of Canada. During the early part of the war I commanded a station here in Canada and I have had personnel misbehave. I have had pilots go out and beat up the ground, stunt and do everything that was wrong over the airdrome and over the city, and when I had them up on charges, they said, "Well, if we go on and are good instructors, we have to remain in Canada. If we are not satisfactory, we can get a chance to go overseas." We had to be very strict with them and punish them for breaking regulations in order to keep our training plan at home working properly. Had we just said, "All right, you are a bad boy, you can go overseas," we would have all the instructors in Canada doing the same thing. Right through the service we had this same trouble, men clamouring to get overseas, fighting to get overseas, but held back here because we told them that the most important job they could do during this whole war was to create new young pilots to go overseas to bomb the enemy. That was the policy we enforced, and enforced very strictly. Now, to have this civil service preference permeating the civilian employers is causing greater hardship than anyone intended they should be subject to. The fact that they could not go over left them frustrated and disappointed, and now to go back to civilian life and be treated this way is to be given additional punishment for trying to do their duty. It is having a most disappointing effect, to put it mildly, on these lads. On the opposite side of the scale, if we increased the number of men who were eligible for civil service employment, we would double the number of applications possibly but certainly the effect, as I see it, would be that the civil service would have a better choice, a larger choice to select from. To weigh the damage or injustice we are causing these young Canadian citizens who have tried their best to serve their country, the disappointment that is being handed out to them, to weigh that against the extra work that would be caused to the civil service,

by having to review more applications is something, I think, should be brought to the attention of the committee again, to see whether there is a possibility of reversing the previous decisions and making a recommendation that all service personnel who volunteered to serve without restriction be eligible for civil service positions. Thank you.

The CHAIRMAN: Are there any questions, gentlemen?

By Mr. Mutch:

Q. How many are involved?—A. If we take all the services, I do not know whether it would be 100,000.

Mr. C. H. BLAND: 618,000.

Mr. GREEN: Who served only in Canada?

Mr. BLAND: Who served only in Canada in the three services?

Mr. GREEN: How many have the preference?

Mr. BLAND: 462,000.

Mr. GREEN: Is that only those who volunteered for overseas service?

Mr. BLAND: That includes the N.R.M.A.

The WITNESS: The committee recommendation is for those who offered to serve without restriction.

Mr. WOODS: May I ask Air Vice Marshal Curtis if what his service is proposing is an equal preference or a secondary preference?

The WITNESS: An equal preference.

Mr. WOODS: On the same basis as men who served overseas and faced the enemy?

The WITNESS: That is right. In that regard, there were a good many in all services who were overseas during the war who did not see action. The war was on so long before we really got into Europe fighting that this war cannot be compared with the last war, as far as overseas service is concerned; there were probably 100,000 men who got to England, or more than that, who did not fire a gun in anger at anybody and were not shot at. So that the conditions of those who served in this war are not quite the same as the conditions of those who served in the last war.

By Mr. Macdonald:

Q. Have you any figures that would show the number of personnel who were killed in England by bombing?—A. I am sorry, I have not those figures.

By Mr. Pearkes:

Q. Would you make any time limit on the question when a man volunteered for unrestricted service as you mentioned? For instance some men volunteered for unrestricted service before they were called up. Other men volunteered on the day they were called up. Other men delayed volunteering until they were ordered to go onto a boat, and they were then allowed to volunteer. Yet again other men went overseas and were permitted to volunteer when they were actually in a theatre of operations. Do you intend to include all those men?—A. I would feel that the percentage involved under those different conditions would be small in comparison with the overall number, and those who would be applying for civil service employment would be again small, so that it would really be a comparatively small number when you figure the overall numbers.

By Mr. Mutch:

Q. Do you think it would be fair to say that after the introduction of the N.R.M.A. legislation, the percentage of enlistments—well perhaps I had better put it the other way. What percentage of R.C.A.F. enlistments in Canada do you think were people who had their call? Would it be fair to say that about

a third of the people who joined the R.C.A.F. had their call in their pockets?—A. No. We got most of our ground crew in; by 1944 we had filled up and it was just air crew we were taking. We were taking a few ground crew, but a very few. The percentage, I should say, would be one-half of 1 per cent or less than that—one-tenth of 1 per cent.

Q. That is astonishing. I should have thought it would be at least one-third.

The CHAIRMAN: Just on those figures, the subcommittee that studied this matter before us between sessions reported on page 44 in regard to the civil service preference matter. They went into that very carefully. You will find in our proceedings a lot of very interesting figures on it. On this very matter that is mentioned the Department of National Defence gave them an estimate that the number of general service veterans, that is those who were in the N.R.M.A. who served in Canada only for one year or more, would be in the neighbourhood of 153,000 army, 118,000 air and 46,000 navy, or a total of 317,000 general service veterans who served for one year or more in Canada only. You were going to ask a question, Mr. McKay?

Mr. McKay: I should like to ask Mr. Woods a question. I wonder if he could briefly say just how the present system of selection works. We have a method to-day of preference for overseas personnel. Would you just briefly state, Mr. Woods, just how you select candidates for a position now?

The CHAIRMAN: Mr. Bland, Chairman of the Civil Service Commission, is here.

Mr. McKay: We had better have him.

The CHAIRMAN: He can do that.

Mr. Bland: The situation briefly is this. Applications are publicly invited. During the war they were invited overseas as well as in Canada. Now they are invited in Canada and applications are welcomed from veterans or from civilians. When the examinations are held and a list of the persons who have succeeded in the examination is compiled, then those who are entitled to the veterans preference and who have passed the examination, go to the head of the list, in the order of merit; that is in the order of the examination standing. They must be appointed before we can appoint a civilian, even though the civilian may have a higher rating. There is a special preference in addition to that, for veterans who were so disabled that they cannot resume their pre-war work and are in receipt of pension.

Mr. McKay: That means that a civilian has not a chance at all if there are veterans.

Mr. Bland: If there are any qualified veterans, he has not a chance. There are particular cases, as is shown by the figures, where civilians are appointed. But only where we cannot find qualified veterans. That runs about 15 or 20 per cent.

Mr. Green: Mr. Bland, how do you define overseas service?

Mr. Bland: Service outside of the western hemisphere.

Mr. Green: Does that include men who flew out from Halifax or Patricia Bay?

Mr. Bland: On operational flights?

Mr. Green: Yes.

Mr. Bland: Yes, they are included.

Mr. Mutch: Would it be fair to say that about the only civilian who can get appointed under the present set-up are those around whom notice is specifically written?

Mr. Bland: I would not want to put it that way. It happens where special qualifications are required and we cannot find any ex-serviceman.

Mr. MUTCH: That is the official attitude?

Mr. BLAND: That is right.

Mr. MUTCH: That is the same point. I just put it another way.

Mr. BLAND: The result is that there are cases where that happens, but the great majority of civilian appointments are not of that kind. They are positions in the lower grades that we would not offer to veterans. Most of the 20 per cent are clerks grade 1 at \$60 a month, which we do not offer to veterans.

The CHAIRMAN: When you speak of civilian appointment you are including everybody who served in Canada only?

Mr. BLAND: That is right.

Mr. GREEN: What particular type of veterans is it you are concerned with? Is it the man who did the flying or the ground crew or what?

The WITNESS: We were thinking of air crew only, but we have so many ground crew that the same thing applies to—good mechanics, technically trained men—that we have asked that they be included in it.

By Mr. Green:

Q. Most of your air crew men are covered by the preference as it stands? —A. The majority of them, but not all by any means; probably three-quarters of them.

Q. How many would there be, in round numbers, that are not covered by the preference; that is of the air crew?—A. I do not know. There would be 10,000 altogether.

Q. According to Mr. Bland, those who flew out from coast bases are covered. —A. They are covered, that is right. But it is ground crew that we find are suffering as much as air crew now, good mechanics. I mean, an aero engine mechanic has no difficulty in getting employment in any garage; but the other lads in technical trades are having difficulty in civil employment as a result of the civil companies following the government policy.

Mr. McKAY: May I add one further thing. It seems to me that there should be some preference for the men who served in Canada only on active service. I quite agree with the air vice marshal to this effect at least, that these men volunteered for service anywhere that they might be sent. Many of these men are handicapped to-day; they cannot apply for a civil service position because if they do they are put down amongst the civilians and as a matter of fact they are worse off than a civilian for the simple reason that they have been divorced for that sort of work in all likelihood for four or five years. I have talked to a good many of these men who served in the air force and in the navy, and these chaps tell me that when they come and make application for the civil service, they go down to the bottom of the list because actually they have no chance against civilians who have been working in that particular activity or in that particular job for the past four or five years; and I quite appreciate that. I should like to ask Mr. Bland this question, if he thinks that the present system of selection is going to work to the disadvantage of an efficient civil service over a period of years. I understand at the moment there are some 20,000 veterans serving in the civil service of the Dominion of Canada. With the present method of selection, of making it almost impossible for a civilian to qualify for a position in the civil service, it seems to me that it is going to work in a derogatory way eventually and will make for inefficiency in the civil service if you appoint men who are incompetent just because they are veterans. That may sound like heresy from a veteran. But we have got to have two considerations in mind to-day. We not only have to consider the veteran himself but we have got to see that this preference is not defeating the purpose for which it was set up. If after a period of four or five years with your present practice we find a number of veterans in the civil service who are not doing a job, what is going to be the net

result? There is going to be reaction against them and we do not want that to happen. It seems to me that a much more successful way of selection would be to put in a strict point basis; so much for overseas service, if you will, and so much for active service, and let them compete against civilians or any other groups that may come in for the examination; the one who has the qualifications then will get the job and you will still give a preference to the veteran, and I would say a very satisfactory preference. It seems to me that the civil service of the United Kingdom works on that principle or along those lines and they are not just picking veterans indiscriminately all over the country to fill positions, but are picking them for efficiency. I think I am correct in saying that.

The CHAIRMAN: Mr. Bland, did you wish to say something?

Mr. BLAND: May I say one word in connection with that? I should like to make it just as clear as I can that veterans are not being appointed just because they are veterans. No veteran is appointed unless he passes the examination and is found qualified to do the job he is going to do. He has got to pass a severe test before he gets it. It is true that the other lad, the civilian or the man who served in Canada only, has not the same chance; that is perfectly true. But any veteran who is entitled to the preference cannot go into a job just because he is a veteran. He must demonstrate his ability to do the job; and in addition I would point out that this committee has already considered and consideration has elsewhere been given to the possibility of reviewing this preference, say, after a few years and possibly at that time making some change in it. But at the present time a veteran does not go in just because he is a veteran, unless he can do the job well.

Mr. JUTRAS: Under the present set-up does not the veteran with service in Canada only get preference over the civilian?

Mr. BLAND: No, he gets no preference at all, except such additional rating as he might get because of his service. If he had been doing an administrative job in Canada and his experience was valuable for the job for which he was applying, he would get credit for that, but not as a veteran.

Mr. McKAY: Do you think this system is working efficiently?

Mr. BLAND: May I answer that frankly? Let me say at the beginning that I have every sympathy with Vice-Marshal Curtis' representations and with the men he represents. But I think there is a real problem here and I should give you the facts as I see them and as they affect the service—the three services—and as they affect the Canadian people. It seems to me there are three factors in connection with the veterans' preference that have to be considered. The first is what is the best preference for the veteran himself? Second, what is the best preference for the service? And thirdly, what is the kind of preference that the people of Canada want to give them? I do not think we can except any one of these three phases if we are going out to do a job. As to the best preference for the veteran himself, the chief difficulty with giving the same preference to any man who volunteered in Canada is that for roughly 100,000 jobs, which is the nucleus of the service, you increase your veterans' preference from 462,000 to, roughly, 900,000. In other words you double your field. These are the figures I got from the three services; I am excluding the N.R.M.A. They would number 618,000 including the N.R.M.A. There are 101,000 N.R.M.A. That would leave about 500,000. That means that instead of the 462,000 veterans for the 100,000 jobs there are going to be 900,000 veterans. That is obviously going to reduce the opportunity for the overseas veteran. For the veterans who are in the same category there is no objection, but I feel and I think the people of Canada feel and that many veterans themselves feel there should be a separate preference for the man who actually fought, who went overseas to fight, and you defeat that purpose if you extend it to those who stayed in Canada.

As to the efficiency of the service if this preference were thrown wide open so that veterans came in because they were veterans, it would have a bad effect on the service. There is no question about that. But if the veterans are carefully chosen, there is something about the veteran himself that adds a good deal to his qualifications for a job. I think frankly that a good veteran who can pass the examination makes, perhaps, a better civil servant than would the man who has not been a veteran. Perhaps there is something intangible in that, but in the experiences of the past many of the veterans who came in after the first great war have made a fine success of their jobs. One must be careful not to put square pegs in round holes, but the same thing applies to anybody else. If you extend the veterans' preference outside of the field of combat veterans, to the entire 900,000 people who served, you are obviously going to decrease very materially the chances of the people who did not get in the forces because of medical rejections, because they were frozen in industry or in munitions plants or in the merchant marine; and my own feeling is that you can justify the arrangement with the people of Canada if you give the veterans' preference to 462,000 people who went to fight, but there might be a tough time getting support for a veteran's preference that would extend the class to 1,000,000 people. That would restrict materially the field for civil servants and might be said to be unfair to those who could not enlist because of physical conditions or because they were frozen in munitions plants or served in the merchant marine. I have a good deal of sympathy for the representations made, but these are the facts as I see them, and they are facts I take it the committee will want to consider in coming to its decision.

MR. GREEN: Mr. Bland, what are the figures with regard to the women who served?

MR. BLAND: They are comparatively small. I think the total number of women entitled to overseas preference runs to about 6,000.

MR. GREEN: Out of a total of how many?

MR. BLAND: Out of about 47,000.

MR. MUTCH: What I have to say may veer a little bit away from the presentation made by the air force representative this morning, but since we have Mr. Bland here and since the subject for discussion is the civil service preference, I have one or two remarks to make. I think, perhaps, we ought to determine first of all what was the basis of giving a preference to veterans in the civil service. I have always assumed—I think correctly—that the basis of the preference is this, that the federal government has, by common consent since the last war, assumed a large measure of responsibility for the rehabilitation immediately and the continued care of those men who fought in a theatre of actual war for their country, and, because of the fact that the federal government has had to assume that responsibility, it seemed only right and proper that they should reserve in a large measure for the people for whom they accept responsibility the positions which are, nominally at least, within the control of the federal administration. My criticism of what has happened in the past, and particularly of what is happening at the present time with respect to veterans' preference is this: the veterans' preference is most effective at lower levels. Mr. Bland has said we do not reserve the \$60 a month jobs for veterans. I well remember in the last fifteen years, as you will remember too, the time when we would have been grateful indeed to get some of these \$60 a month jobs for veterans. Apart from that, the preference works and has worked at lower levels in appointments to the civil service in Canada. It has not worked in the main and is not working now at the top. The remark I made a few moments ago was not intended to be facetious when I said that civilians who got into the service to-day were largely those around whom the qualifying specifications were written. I do not only suggest that this

sometimes happens, but I charge, if you like, that it does consistently happen in appointments at the higher level. We have had examples of that.

It is easy to understand that the percentage of veterans who look to the civil service as a means of livelihood is very much greater in the lower income levels than the percentage of men who are able to command a \$4,000, \$6,000 or \$8,000 job. Naturally the number who come to the government for such jobs is very much smaller. It is also true that for veterans in that salary class not only are opportunities very much greater outside, but salaries are also greater outside. The civil service salaries generally for technical persons in comparison with the salaries paid outside are ridiculously low. I think therefore that while we are on this subject this committee ought to express, if they agree with me, their disquietude of mind that the veterans' preference is not nearly so effective in the high positions in the civil service as it is in the lower positions, and particularly, perhaps, among those who are appointed.

Getting back to what has been said about the importance of selling veteran preference to the public generally, I do not suppose there is anybody in this room who has not had the experience of being approached by the sons of men who had served with distinction—and many of them had died in service or as the result of their service—for appointments to the civil service, and we have had the unpleasant task of explaining to them that so long as anyone who had actually served in a theatre of war was available to qualify to the extent of 70 per cent that the chances of appointment were very bleak indeed.

On the other hand, all of us have had concrete examples of men who enlisted in this war and who for various reasons—perhaps as the result of some minor breakdown in health discovered on being examined to be posted overseas—were found unfit to proceed but were retained in Canadian service for five or six years. These men are now out of service and they are unable to get a preference in the civil service. They are also unable, in many instances, to get a job at all. This for the simple reason that following the example of the government, and because of the publicity of the D.V.A., it has become, or it had become and will become again when opportunities for work are less numerous, very difficult for those men to get work. In fact, the man who has not got a discharge certificate for service overseas practically finds himself in the position that he has not got a licence to work. That is something which we cannot disregard. On the other hand, taking even these two extreme cases on the average, I think this committee or any committee which considers that the veterans' preference is necessary to the successful rehabilitation of even a considerable number of our veterans, must hesitate to put ourselves in the position suggested by Mr. Bland, that we up the number of those who are eligible for the preference in the civil service to approximately 1,000,000, in a service which has only 100,000 positions in the whole of Canada. Success ultimately depends upon the support not only of the veterans themselves but even to a greater extent on the support of the public at large. This morning it has been implied that the public are beginning to chafe under the restrictions of the preference. There are those who suggest, and while I do not agree, I do not disagree either because I do not know that over a period of time the civil service will ultimately suffer by this widened application of the preference. If that condition arises now it cannot help but be aggravated by increasing the number to 1,000,000 persons.

I think this is the most difficult question that this committee has been asked to recommend. I do not mean that we can dodge it; I do not think we can or should. I rose primarily to point out the fact that this is a question which is of terrific importance, primarily to those who fought in a theatre of actual war, but indirectly to all veterans and to the public. I wish to state specifically that in conjunction with whatever we do here now, I think this committee ought to work out a recommendation on the preference which whether

it remains as it is now, or whether it is recommended to include all volunteers it shall be made to apply evenly and uniformly in the higher levels of salary as well as the low.

Mr. PEARKES: Mr. Chairman, I have a great deal of sympathy with some of the classes of men to whom Air Vice Marshal Curtis has referred; particularly to those who at the beginning of the war volunteered their services in any theatre of war but because of the skill that they had they were retained in Canada. That applies particularly, I think, to the training staff in connection with the Empire air training scheme. It also applies to certain mechanics in the army, the navy and the air force who were retained because of the particular skill which they had. They were held back in the early days of the war. They thought that perhaps later—and I believe the authorities thought that perhaps later on—they would get an opportunity to go overseas. Then the age limitation came on. Commanders overseas realized that this was a young men's war and these young men who had been held back during the first year or two of the war were then too old to be permitted to go overseas even though their services might have been dispensed with here because other personnel had been trained. Then there is the other class of men that have been referred to who volunteered late in the course of the war. Perhaps these men volunteered and signed up. Perhaps they were very young and had not reached the age to join up during the early years of the war. Now, I feel that that later class of men cannot claim our sympathy in the same way as the first class, and therefore I would like to ask a question as to the Air Vice Marshal's reaction to putting on a limitation for men who had served in Canada for a period of not less than three years or men who had served in Canada prior to a certain date, say, the 1st of January, 1943, or whatever date might be considered advisable. Then you would get the men who had given the longest service to Canada; then you would get the real volunteer who was not allowed to go overseas because of service restrictions, and the class you would have left out would be the younger men who would not have been established in life and whose opportunities to start in life have not been dislocated to the same extent as in the case with the others; and that might also have an added advantage of very materially reducing the number of applicants.

Mr. MCKAY: I would like to ask Mr. Bland how many appointments to the civil service have been made in the past year and what percentage of those—

Mr. PEARKES: Might I have an answer to my question first?

The CHAIRMAN: Would you care to answer Mr. Pearkes' question: What would you think of the preference you are suggesting being given to those who enlisted before a certain day or who gave at least a minimum of three years' service in Canada only—what would you think of something along those lines?

Air Vice Marshal CURTIS: I think something could be worked out along that line. Possibly it would be easier if you said those who enlisted before January, 1945, or July, 1944, or something like that. Give it a date so it would be much easier to work it out. I do not think that would work a great hardship on the personnel that are being affected. I believe there is a lot of merit in that suggestion.

The CHAIRMAN: While we are on that suggestion I wonder if Mr. Bland would care to say something?

Mr. BLAND: I think it would be a great deal better, but it seems to me that fundamentally anything that reduced the opportunity for the employment of men who served overseas is something that has to be very carefully looked into. Secondly, I cannot help agreeing with Mr. Mutch that this job of keeping the public satisfied with this veterans' preference is not going to be made easier if we increase the number.

The CHAIRMAN: There is one thing that occurs to me. We have all had the experience of meeting boys who lost their fathers in the last war and who found that they could not get positions in the civil service because of the veterans' preference. Of course, I suppose a large majority of those now have a preference of their own, but as the result of this war we will run into another group of young men in the same circumstances probably fifteen years from now. They will be in the same position as these boys, I am speaking of, found themselves in, and the suggestion has been made sometimes: why don't you give a secondary preference running, say, for five years, to those who served only in Canada, and during that time those that really should be given consideration or those that might be entitled to consideration could get placed, and it would not arouse so much animosity later on where a boy who lost his father in the war found he could not get a job because somebody who served only in Canada had a preference over him. Has any study been given to a limitation like that?

Mr. BLAND: Yes, that very question was studied by the interdepartmental committee on demobilization and rehabilitation last year. I think a good deal of favourable consideration was given to it. It is my understanding that it was the intention of that committee—and I think of this committee also—to consider that matter further next session.

Might I answer the question I was asked as to the number of appointments at this moment? In the first six months of this year we appointed 2,000 civilians—that is non-overseas veterans—and 13,000 veterans. That is, 86 per cent of the male appointments were made to veterans.

Mr. GREEN: What did you say was the total number in the civil service?

Mr. BLAND: On May 31 the payroll was 144,000. I said I thought the normal basis for civil service jobs should be somewhere around 100,000.

Mr. GREEN: How many of that 144,000 are not under the Civil Service Commission and, therefore, not eligible for the preference at all?

Mr. BLAND: Well, I suppose there would be several thousand—probably 15,000 or 20,000.

Mr. GREEN: For example, what about the Crown companies?

Mr. BLAND: I have not included the Crown companies. The figure would be higher if I did. They are not included in the figure of 144,000.

Mr. MUTCH: They are in the same position as C.N.R.; they are not civil servants?

Mr. JUTRAS: They would not be included in the 100,000?

Mr. BLAND: That is true. In addition to what I said—Mr. Green's remark makes me think of it—it would help us materially and it would help this committee in keeping the veterans satisfied if all government agencies were directed to apply the civil service preference as it applies to those who come under the Civil Service Act.

Mr. GREEN: And that applies right here in this House too.

The CHAIRMAN: You referred to the interdepartmental committee that studied this question. Has that committee made any report to anybody that would be available to us?

Mr. BLAND: Yes, the report on the subject was given to the cabinet committee, and I think it would be available. I can get it for you.

The CHAIRMAN: There is another matter on which I am not clear. The committee may be clear on it, but I am not. I am not clear as to what position the Canadian Legion took on this question. Perhaps every other member of the committee is fully familiar with what their stand is, and if so I hope they will excuse me for asking the question. I wonder if Mr. Herwig would explain that to me.

Mr. HERWIG: The Legion asks for a secondary preference for the man who served in Canada only.

Mr. GREEN: What do you mean by that?

Mr. HERWIG: When the examination boards are held the veterans who served in Canada only would receive second place to the veterans who served overseas.

Mr. GREEN: You would want three lists?

Mr. HERWIG: Four lists. First of all there would be the disability men, then the overseas men, then the service in Canada men and then civilians.

Mr. SINCLAIR: That would mean that a home service man would have no chance of getting a government job under the present circumstances.

Mr. HERWIG: I do not think that necessarily follows, because I have sat on a good many boards where no veteran qualified and the civilian got the job. Some people think this examination system does not work, but it does; unless you qualify you cannot get the job. If no veteran qualifies the civilian certainly does get the job.

Mr. MUTCH: Would you support the suggestion that was made a short time ago that the civilian very often, because of the nature of the work he is doing, has an advantage over the man in the service in Canada after the overseas veteran is eliminated?

Mr. HERWIG: At the present time the man who served in Canada only, particularly in the higher posts, has an advantage over the fellow who served overseas.

Mr. MUTCH: Let me carry that a step further. As it is now, if the overseas veteran is eliminated because he does not qualify in the contest, then as between the civilian and the man who served in Canada very often the civilian gets the job over the man with service in Canada because he has been working on some particular kind of work that is useful in this particular case?

Mr. HERWIG: Yes.

Mr. MUTCH: You are trying to get away from that?

Mr. HERWIG: The preference does not give the overseas man an advantage because of the fact that he served overseas. The same thing will apply to the fellow who served in the forces as against the civilian who carried on his work and for that reason is alleged to be a better qualified man.

The CHAIRMAN: I wonder if you would express an opinion on this matter? As I understand it, now that the insurance principle has been extended to those who saw service only in Canada a man who might be getting a pension which is not due to service in any way now gets a preference over the man who saw service overseas?

Mr. HERWIG: Correct.

The CHAIRMAN: Now, has there been very much criticism of that right given to the man who has had service in Canada only—the right to get that preference over the man with overseas service?

Mr. HERWIG: Yes. In the past there has been. We hoped that some different system could have been applied to the matter of disability employment. We have had cases of a single man, because of his preference, and who served in Canada only, being given a preference over a married man with four or five children with front line service and the law gives the job to the single man.

The CHAIRMAN: Even though the married man may have served overseas?

Mr. HERWIG: Yes.

The CHAIRMAN: He may have served overseas, but if he does not get a pension—

Mr. HERWIG: We had hoped that the government might have been able to develop a different plan for placing the disabled men. There are some disabled men to whom the disability is no handicap at all for a particular job, but nothing like that is taken into consideration.

Mr. GREEN: The disability preference is very restricted under the law.

The WITNESS: Yes, quite true.

Mr. GREEN: Because a man is disabled he does not get that preference. There are other limitations too.

Mr. HERWIG: Quite true; but the situation Mr. Tucker refers to has occurred frequently, and we want to get away from that sort of thing.

The CHAIRMAN: I wonder if Mr. Bland would care to comment on that?

Mr. BLAND: The disability preference?

The CHAIRMAN: Yes.

Mr. BLAND: What Mr. Herwig says is true in a limited number of cases. As Mr. Green has pointed out, the disability preference is limited fairly well. A man cannot get it solely because he has been disabled; he must be in receipt of a pension; he must prove that he cannot go back to his pre-war work, he must prove that he has not been satisfactorily re-established. These are difficult provisos. It is true that in a limited number of cases we do get disability cases who meet all these provisions, who pass the examination and who consequently get the job over the head of an overseas veteran who has, perhaps, got a better mark, who may be a married man, who may have been wounded and not have gotten a pension. Frankly, I would like to see that situation improved. I think, probably, it could be done if instead of a general provision we had a scheme whereby disabilities were given almost the entire field for certain types of positions. In certain kinds of positions these men can do well, but they are not in the higher categories, and it is in the higher categories that this thing happens.

Mr. MUTCH: Do you suggest that there have been cases of a man being disabled and given an appointment who after twelve or fifteen years was able to establish he was not satisfactorily re-established? I mean, I question very much if a man who could prove that has a chance in the world for a specific job.

Mr. BLAND: Well, I think that may be true in this way. We have had cases, I recall, of men who were on jobs that required them to be on their feet all day, active jobs—a mechanic, for example. He may have lost one foot or perhaps both feet. He could not go back to the job he had and he could not take a job of that kind. He applies quite frequently to us for a clerical job, one at a desk, and we give that kind of chap our disability preference.

The CHAIRMAN: Has any suggestion been made by the interdepartmental committee or any committee in regard to any change in the administration of this disability preference?

Mr. BLAND: Yes. In 1941 I appeared before a special committee on the Pension Act and the Veterans Rehabilitation Act—on May 27, 1941—and I suggested then to the committee that something might be done along the lines Mr. Herwig sets out, of attempting to use the disability preference in the treatment of real disability cases instead of spreading it wide over the whole examination system; though I must confess that I do not think it is a major difficulty in the system, though it happens in some cases.

Mr. GREEN: That would be very strongly opposed by the Amputations Association.

Mr. BLAND: Yes.

Mr. GREEN: Because they do not want to have their men shoved off into one group of positions and classified as of no use for anything else.

Mr. MUTCH: That is quite right.

Mr. BLAND: Yes.

Mr. GREEN: I have been on several of these committees and also on the last civil service committee, and certainly there has never been any suggestion or approval of cutting down that disability preference for any of the amputations.

Mr. BLAND: I should like to make it very clear that I would not for a moment propose that any disabled case should be shoved aside. I am only suggesting that we should do two things: that we should give a clear field in certain types of jobs to the man who is so disabled that he cannot go back to his old work; and in the second place that in other cases of a special nature there should be, I think, some opportunity for discretion where the choice lies between a man who is in receipt of disability preference and who is not as well qualified as another veteran who possibly is married, has seen service overseas and has been wounded and obtained a high rating. Discretion is perhaps a bad thing, even in the Civil Service Commission. I am sure Mr. Mutch will agree with that anyway.

Mr. MUTCH: I wonder why you say that; but you are right.

Mr. BLAND: But at the same time I think Mr. Herwig's point boils down to this, that in certain cases if discretion could be used it might have resulted in a better set of circumstances than did actually take place.

The CHAIRMAN: The reason I asked that, Mr. Bland, is this. We have now in effect three lists sometimes anyway, and on the suggestion of the Legion you would have four lists.

Mr. BLAND: Yes.

The CHAIRMAN: What would you say then, carrying the thing further, as to the possibility of successful administration of those four lists, applying the three tests that you speak of, the best interests of the veteran, the service and the reaction of the people of Canada in general? What would you say about having still another list of preference?

Mr. BLAND: The general effect, of course, would be not on the combat veteran. If he is in a class by himself, he gets the first preference. It would not affect him. But it would affect the possibility of employment of a man who was a pure civilian; and I think it might be difficult to sell that to the people of Canada. That is my main point.

Mr. McKAY: Mr. Chairman, I like the suggestion made by Mr. Herwig. Apparently he is advancing the suggestion first put out by the Legion, that secondary preference be given to active service veterans who served in Canada only. It seems to me that the way our present system is working it is not a veterans preference at all. It is an overseas preference. I think Mr. Bland will agree with me that they have an efficient civil service in the United Kingdom and they certainly have an efficient civil service in the United States. In the United States a veteran gets a preference regardless of overseas service or where he served. In Great Britain the same thing is done. It seems to me that we must evolve some system that will give a veteran who served in Canada some preference over civilians. It was not always his own choice that he served in Canada. I know that. Many of them tried to get overseas. Others that did get overseas and who were on a "Cook's tour", if I may use that expression, are to-day getting that preference. It seems to me that we should be able to work out some simple system of giving the overseas veterans so many points preference in an examination over anybody else; a man who has a disability, possibly 5 points over and above that; a man who served here in Canada only 5 or 10 points preference. It would be simple to work out. It would not keep the chap who served in Canada only out of the civil service.

We are not hoping, of course, to get everybody into the civil service. We cannot. It is only 100,000 pre-war and at the moment there are some 620,000 veterans. But there are some veterans who served in Canada who should have some consideration.

Mr. GREEN: Of course, Mr. McKay, that takes away a great deal of the preference that the overseas veteran has now. At the present time he has an absolute preference. If you are only going to give him a few points preference, you are drastically cutting down his preference.

Mr. McKAY: No. My suggestion would not do away with anything. I am going to ask Mr. Herwig if he thinks this would be a satisfactory suggestion. He will have to speak for himself. I would not ask him to commit the Legion. I would suggest that if a person served in Canada he should get a 5 point preference; if he was overseas, a 10 point preference; and if he has a disability, an additional 5 point preference.

Mr. QUELCH: Are you including draftees under the N.R.M.A.?

Mr. McKAY: If they volunteered for active service.

The CHAIRMAN: Would you care to answer that, Mr. Herwig?

Mr. HERWIG: I will speak for myself now and from the experience I have gained in dealing with the civil service. I would say first of all, the objection to that proposal is that you would get an unqualified man qualified by giving him a bonus—a bonus unrelated to his qualifications.

The CHAIRMAN: What is that? You can get an unqualified man qualified?

Mr. HERWIG: You can qualify an unqualified man by giving him a bonus. In other words, it passes him if he is sub-standard and you give him a 5 mark bonus. Ordinarily, he is thrown out, but if you give him a 5 mark preference, then up he goes. Another thing is this, that the commission does not always determine the results of these examinations by the mark system. In some cases they have used them and there have been some that they did not use them. Whether it would be applicable to the present system, I do not know. There might have to be a lot of administrative changes to put that into effect. I think Mr. Bland could answer that better than I could.

The CHAIRMAN: It is true that this suggestion has been advanced at various Legion meetings and has never yet been endorsed by them.

Mr. HERWIG: That is true. We never endorsed it.

Mr. SINCLAIR: Would I be correct in this assumption, that such a system would actually bonus civilians first of all and home service personnel secondly, because both of them during five or six years would have opportunities of advancing themselves professionally, which opportunity was denied to those overseas?

Mr. HERWIG: Yes.

Mr. SINCLAIR: That is, it would greatly discount overseas service?

Mr. HERWIG: Yes.

Mr. GREEN: Would not that affect private employers too, if they started using that system and said, "Here, we will give the overseas veteran a little bit of an edge, a veteran who served in Canada a little less of an edge and the ordinary civilian would come next". Would it not break down your present practice which is that the veteran gets the job with the private employer?

Mr. HERWIG: They pretty well do what they like. The private employers are with us—

The CHAIRMAN: Would you speak louder, please, so that the reporter can get it, Mr. Herwig?

Mr. HERWIG: Private employers are just now with us in giving the veteran a preference; and if he is giving preference to overseas men, that is his privilege. At the same time, I do not think they are all making that fine distinction, as far as the preference is concerned. In our experience, this preference, I think, will be of benefit to the overseas men for the next two years and after that it will level off. In our submission we gave some figures covering a considerable period of years, which would show that the overseas veterans did not get the majority of permanent appointments, and it is permanent appointments we are mainly interested in; that is, the rehabilitation aspect of civil service employment. There was plenty of scope for the civilian and the fellow who did not serve overseas. I think if you refer to our submission you will realize that fact.

Mr. WOODS: Mr. Herwig has just made a point that I think is just as well to stress to this committee. From the opinions that have been expressed this morning, apparently some members are of the opinion that this veterans' preference operates to the exclusion of men who served in Canada only and excludes civilians. Mr. Bland can correct me if I am wrong, but I believe at no time between the two wars did the veterans' preference result in as many as 50 per cent of the male appointments going to veterans. That means actually that every year between the wars more than half of those who were appointed to the male jobs in the public service were not veterans. They were men who had served in Canada only in the great war or were civilians. It is true that during these last six months there has been a predominance of veteran appointments, over 85 per cent; but on the other hand, we have to face the fact that there are almost half a million young men, many of them highly skilled, who have been released from the services during this past year, and it is quite natural to assume that they would get the majority of the appointments. But as Mr. Herwig has pointed out, when the demobilization year or two years is over, then the thing presumably will flatten out the way it was before; and that means that less than 50 per cent of the jobs in male positions will be filled as a result of overseas preference.

The CHAIRMAN: These figures, just to bring them to your attention, from September 1, 1918, to December 31, 1919—that is a little over a year—there were 51 per cent of the appointments to the civil service who had the veterans' preference. Then that dropped.

Mr. MUTCH: You have not the salary ranges for those jobs?

The CHAIRMAN: No. This does not give that. It is all positions. Then it goes on down 10 years later, and 32 per cent that were appointed actually had the veterans' preference, according to the figures put in by you, Mr. Herwig.

Mr. HERWIG: Yes.

Mr. MACDONALD: Mr. Chairman, Mr. Macdonald mentioned an interdepartmental report to the Cabinet. I notice there was filed in the proceedings before us the report of the interdepartmental committee to the chairman of this committee. That report is to be found in the minutes of proceedings of the first day of the hearings for the present session, Tuesday, March 26, 1946. It purports to be a report made pursuant to a recommendation contained in the final report to the House of the Committee on Veterans Affairs of 1945 appointed to study certain submissions made therein. I was wondering if there was any further report of that interdepartmental committee that we could get in relation to this?

The CHAIRMAN: No. The understanding was that that committee was to operate between sessions and that when they filed their final report, their work was finished. They had no further instruction.

Mr. MACDONALD: This is the report they made to the Cabinet.

General E. L. M. BURNS: Mr. Chairman, subject to what Mr. Bland said, I think there was an interdepartmental advisory committee that made a report.

The CHAIRMAN: Oh, yes. Would you just explain that? There was another committee looking into the thing. Perhaps you had better explain that, General Burns.

General BURNS: Mr. Chairman, there is an interdepartmental advisory committee on re-establishment and rehabilitation which meets from time to time to consider matters which are referred to it by the Cabinet committee on demobilization and re-establishment. This was one of the subjects which came up at its meeting and after considerable debate, carrying over several meetings, the conclusions arrived at were, as I recall them, specifically as Mr. Bland has presented his conclusions in this session to-day. What happened, as I recall it, was that the decision of the interdepartmental advisory committee was that these views should be brought forward to the Cabinet which at the time was considering the civil service preference.

Wing Commander JENNISON: I might say in connection with the recommendations made by that main committee, as a result of certain studies made by a subcommittee of which I was a member, these recommendations were, as General Burns has said, presented to the Cabinet committee; but they were not concurred in entirely by the navy or by the air force who went on record at the time those recommendations were made as still holding to the principle that some consideration should be given to extending the preference in civil employment in the civil service to veterans who had served and had not gone beyond the western hemisphere.

Mr. WINTERS: Mr. Chairman, in this matter there is one point that is puzzling me for the moment, as you know. I have been bothered by the argument that was brought up in discussing the insurance principle under the pension legislation. At that time we said that when a man went into the service, he was at the disposal of the government; he was told what to do and he did what he was told to do. That applied at a later date even to the N.R.M.A. personnel.

Mr. SINCLAIR: Some of them.

Mr. WINTERS: Well, they were subject to going overseas if they were told to go overseas.

Mr. SINCLAIR: Some of them.

Mr. WINTERS: At any rate, when we were discussing the insurance principle we introduced the argument that these men were subject to the wish of the government of Canada; that you could not discriminate among them, being so subject; that any one man called up was entitled to the same benefits and privileges as any other man; that if one man got overseas and another one did not, it is no fault of his own, but is the fault of the government and we cannot penalize the man on that basis for something the government did to him or did not do to him. Without saying at this time whether that argument was right or wrong, we admitted it was right and awarded the insurance principle to those who did not get out of Canada. How is it at this date that we can ignore that argument and say that we cannot extend the same preference at any rate to soldiers who were subject to the will of the government but did not get out of Canada?

The CHAIRMAN: Are there any other comments?

Mr. MCKAY: It has not been answered yet. We had better have it answered.

Mr. SINCLAIR: I was myself impressed a long time ago by the speech of Mr. Woods to the effect that this civil service preference was pay for hazard, not or willingness to undergo hazard. He completely sold me on that point. The Canadian Legion is completely sold on that. I think we are very generous in extending the insurance principle to these chaps who were not overseas.

Mr. WINTERS: Of course, there again these people were subject to hazard because the government told them they were to go there. They had no say in the matter.

Mr. SINCLAIR: Go where?

Mr. WINTERS: In the field they were subject to hazard.

Mr. SINCLAIR: If they were in the field and subject to hazard they get the overseas preference.

Mr. WINTERS: Yes. But these other people who stayed in Canada—

Mr. SINCLAIR: They were not subject to hazard.

Mr. WINTERS: That is because of the whim of the government, that they were not subject to hazard.

Mr. SINCLAIR: Whether it is whim or whether it is something else, they were not subject to hazard.

Mr. McKAY: There must have been some hazard, because there were over 1,000 in the R.C.A.F. killed in training in Canada.

The CHAIRMAN: There is one thing about it, looking at it from the common-sense viewpoint and from the standpoint of people who are employers. Suppose you were an employer yourself, you had ten jobs to give out and you wanted to show preference to a certain group of people. Then the question is, you either want to show a preference or you do not. That is the whole question. If you want to show preference, then you do not extend it so widely that you do not show the preference. That is the whole thing. It is either a preference or it is not. If you extend it so widely that it takes in a whole lot of other people that you pretend to give a preference to, then of course you are not giving a preference. That is on the basis of bringing them all in on the same basis as the air force. That is the first thing. You have got 100,000 jobs roughly. There are only a fraction of them to fill from time to time and now you give the preference to those who got overseas, which is another half million. If you extend it to everybody who volunteers, you are taking away at least half the value of the preference, because you are sharing it with an even greater number of people. That is the first consideration, as I see it.

Mr. BENTLEY: On the basis of Mr. Sinclair's argument, if it is hazard you are going to go on, you have got to divide it between those who were overseas in hazardous operations, because there were plenty of people overseas who had no more hazard than you or I.

The CHAIRMAN: The reason that was not done—it was thought of and discussed—was that it was never found possible. That is the basic theory of the thing, I think; that was the original idea. The Legion sought to have a watered down form of overseas preference by saying "give them a secondary preference." As Mr. Bland says, that does not affect the first preference at all. It leaves them in full possession of their advantage. The only question that comes up then is this: will the people of Canada be satisfied to give a preference to a man who saw service in Canada only as against a civilian who may have been frozen in a war industry, or for some other reason prevented from going into the army, or a civilian who was not old enough to go into the army, even to the extent of a son of a person who lost his life serving his country?

Mr. SINCLAIR: May I make one remark there? I do not think any man was frozen in war industry and not allowed to enlist.

The CHAIRMAN: Oh, yes. There is no question about that. So there is a question that we have got to consider. Certainly then we could consider, if we thought we could carry the people of Canada in giving that preference to those who saw service in Canada only, giving a secondary preference, if we thought that would be a sort of compromise. Then the question is this. If we did that, should we not regard it as a rehabilitation measure limited to a normal rehabilita-

tion period? Certainly, it strikes me, if we extend this to those who had service in Canada only as against those who worked in war industry, and those who served on the farms and were absolutely necessary on the farms, there is that question that arises. If we give this preference to those who actually went into the army and stayed in Canada through the entire period of the war and perhaps did not give any more effective service than those who stayed at home on the farm and would have liked to go into the army, or those who stayed on in war industries—if we give them the extra advantage that this gives—the question is if we will carry the people of Canada with us. It seems to me it should be for a very limited period.

Mr. McKAY: You are suggesting that voluntary service just does not mean anything at all.

The CHAIRMAN: I am just saying the way it looks to me; because I know lots of people who would have liked very much to go into the army but they could not go because of other demands upon them.

Mr. WINTERS: You must remember there, Mr. Chairman, that those people who were frozen in their jobs and the people who stayed on the farms are not so likely now to need rehabilitation.

Mr. SINCLAIR: Hear, hear.

THE CHAIRMAN: Those who were frozen in war industries are very likely to need consideration. I grant that those who stayed on the farms probably are not. There must have been many thousands who were prevented from enlisting by being frozen in the mines and in essential war industry.

Mr. EMMERSON: Mr. Chairman, there was another class of people concerned. There were men whom the government tried to freeze in their jobs, but who resigned in order that they might get into the service; some of these men did not have the opportunity of going overseas because the army or the air force felt that they were too valuable to let go over. They are in the position that they get no preference. They cannot go back on the job they had before because the overseas men get the preference. Such a man is in no better position than the civilian.

Mr. GREEN: There is no preference in reinstatement.

Mr. MUTCH: No.

The CHAIRMAN: No. That brings up the question that it seems to me if we recommend a secondary preference and hope to carry the will of the Canadian people with us, it should be with a definite time limit on it. If we go any further than that, we are going to run into such an amount of recrimination inside of a very few years that we will regret it, and the veteran himself will probably suffer for it; because if there is any veterans preference given that does not have the will of the people behind it, then the veteran suffers and everybody behind the veteran suffers.

Mr. MUTCH: He suffers first.

Mr. McKAY: I cannot see that the Canadian people are likely to be different from the people across the border, and they accepted it; and they are accepting it in the United Kingdom. Why is it you think the Canadian people are not going to accept it?

The CHAIRMAN: They have not had the experience we had. The American people in the last war only got overseas a very small fraction of their army.

Mr. McKAY: But that is not so in this war.

The CHAIRMAN: They still have not had the experience in this war that we had, proportionate to our population, in the last war. I mean, there can be no comparison. They still have not had the experience we have had.

Mr. McKAY: The United Kingdom has had greater experience than we have, if you want to use that argument.

The CHAIRMAN: The United Kingdom has a different set-up.

Mr. McKAY: That is all right; let us adopt theirs. There is one other argument, Mr. Chairman, with respect to this which disturbs me a little. It has been said by some in authority on various occasions publicly that a considerable percentage of those with service in Canada only were enlisted for service in Canada only and put into uniform mainly for purposes of discipline. I think it was in 1941 when we were discussing the taking off of the insurance principle at that time, if I remember correctly, we had evidence before the committee to the effect that large numbers of the men who were then being brought into what was then the Commonwealth Air Training scheme—that is, ground crew of course—were to all intents and purposes performing civilian jobs but were enlisted quite frankly largely for the purpose of discipline. To the extent that is true, it militates—if it is true—against the argument of Air Vice Marshal Curtis. It is not only true, however, of the air force or even mainly true of them, because there was a period in this country when we enlisted large numbers of men of a category who were completely incapable of being accepted for overseas service, at a time when we not only enlisted but commissioned men who were of a category unsuitable for overseas service on a short course for administration purposes. Those people would be the first—many of them, I am sure—to admit that they were to all intents and purposes employed in Canada in ordinary civilian jobs, within the service for the protection of the service and for the purpose of discipline. That is an aspect of service in Canada which has to be balanced against the unfortunate type who enlisted in good faith and could not get overseas. I have no idea what the percentage is between the two, but I have an idea it is a lot nearer equal than some are inclined to think.

Mr. GREEN: Some of the officers from the navy are here. I wonder if we could get any help from them?

The CHAIRMAN: I fancy the navy has not got that problem because practically all their people get the benefit of the overseas preference. I think that is correct.

Lieutenant-Commander W. N. MACCOLL: The figures that we have—we cannot give them accurately because it would mean going through every file—are that 90 per cent of the male personnel and 10 per cent of the W.R.C.N.S. have the overseas preference. That is not an accurate figure because, as I say, that would mean going through every file that we have. But the navy takes the stand of the air force; they would like to see this preference extended to volunteers for active service.

Mr. GREEN: That would mean all men in the navy?

Commander MACCOLL: That would mean everybody in the navy.

Mr. GREEN: You would like to have the same preference for them all?

Commander MACCOLL: Yes.

Mr. SINCLAIR: Do you mean the same preference or a different preference?

Commander MACCOLL: The navy is anxious to get the same preference. I think they would be very happy with it.

The CHAIRMAN: Is there anybody here from the army who is in the position to express any opinion on the matter?

Air Vice Marshal CURTIS: I think the chairman of this personnel services committee made a report. It is signed by Major-General A. E. Walford and they expressed their opinion in this. The first recommendation was to the effect that all those who had volunteered for service in the present war and whose terms of

service have no territorial limitation be included. That is signed by Major-General Walford, Chairman of the Personnel Committee.

The CHAIRMAN: What is the date of that?

Air Vice Marshal CURTIS: That is July 4, 1945.

The CHAIRMAN: And that went to whom?

Air Vice Marshal CURTIS: To the deputy minister. That was the report that was tabled at the request of the deputy minister.

The CHAIRMAN: Would you give us the whole recommendation, Air Vice Marshal?

Air Vice Marshal CURTIS: The recommendation is in four parts. They are as follows:—

- (a) That the Civil Service Act, Revised Statutes of Canada, 1927, chapter 22, be amended to extend the service preference under sections 29 and 30 to all those who volunteered for service in the present war and whose terms of service have no territorial limitation;
- (b) That personnel who have volunteered for service in the Pacific Force shall not be thereby deprived of the preference under the foregoing paragraph (a);
- (c) That the civil service preference referred to above applicable to veterans of the war 1914-18 and of the present war shall cease to be in effect as and from the date fixed by proclamation after a period of 10 years from the date of cessation of hostilities in the present war;
- (d) That pending a revision of the Civil Service Act, an order in council be passed under the provisions of the War Measures Act to give effect to the foregoing.

That is signed by Major-General A. E. Walford.

Mr. GREEN: You are recommending that the preference be wiped out entirely at the end of ten years?

Air Vice Marshal CURTIS: Yes, at the end of ten years for veterans of the previous war and this war.

Mr. MUTCH: The veteran of the previous war got another ten years.

The CHAIRMAN: So that we may have the benefit of your advice in full, Mr. Bland, is there anything further you would care to say in the light of the other suggestions which have been mentioned?

Mr. BLAND: I think I should say this. I take it you have been putting forward for consideration the proposal that the primary preference be left unchanged but that a secondary preference be granted either to persons who served in Canada, or to volunteers who served in Canada—I do not know which?

The CHAIRMAN: Yes.

Mr. BLAND: I do not know whether this has been discussed by the committee before, but it seems to me if you are going to consider secondary preferences you must consider the merchant navy. It seems to me that this matter should be very carefully considered in the light of the effect it might have upon the primary preference. I think the primary preference is something that is good and should be maintained, but if the secondary preference will reduce public support for the primary preference I would not be in favour of it. If it would not have that effect, all right.

The CHAIRMAN: I wonder what Mr. Woods thinks?

Mr. WOODS: I find myself in agreement with what Mr. Bland has said. I have never taken the view that the veterans' preference was given for good intentions but rather it was given for actual hazards to life and limb. Of these

460,000 who served overseas and who at the present time enjoy a preference, 40,000 have been killed and another 2,000 have lost limbs, 100 have lost their sight, and I am in agreement with Mr. Bland with regard to the primary preference that if you broaden it by a secondary preference you are likely to cut in half the preference that was given these men when they joined. You will recall the rehabilitation literature which was sent out with respect to men who served overseas and in which the first preference was stressed. I wonder if we would not be breaking faith with them if that preference were cut in half. It would be affected by an additional half million people.

Air Vice Marshal CURTIS: Mr. Chairman, if the preference that is being applied at the present time to the civil service finished there I do not think we would argue too strongly; we would certainly wish for something better; but it is much more than just the 100,000 civil service positions that are to be filled. There are positions across Canada which are affected because employers are now very rapidly following the lead of the civil service in preference to veterans, and as a result we are getting letters from our commands stating that our air force personnel are suffering in not being given an opportunity to get jobs because employers are following the civil service policy of overseas service only. I think that is much more important than any other thing I have heard affecting our consideration to-day.

The CHAIRMAN: Have you anything to say, General Burns?

General BURNS: All I can say is rather negative in that we have not had, except from the representations that were made by the navy and the air force to the interadvisory committee, any indication that there is widespread unemployment among veterans who have volunteered for general service but who only served in this country. I believe that the preference referable for employment is not given to them by the national employment services which is a handicap, but at the present time there are only some—I think the last figure was 33,000—out-of-work allowances, and there is no indication that the men who were on service in this country are worse off for being unable to obtain employment than any other class of veteran.

Mr. HERWIG: May I say that I may have left the impression that we were opposed to the disability preference. I would like it to be understood that that is not so. We think that unless something better is supplied we must stay with the disability preference.

The CHAIRMAN: My own feeling about this, gentlemen, is that it is a very complicated question. The Legion has made a new departure in their suggestion, and that will be discussed in the immediate few months ahead, and this thing might well be discussed further. Of course, it has been discussed a great deal.

Mr. SINCLAIR: What do you want us to do? Make a recommendation?

The CHAIRMAN: I do not know what we should do. We could recommend that the matter be studied by a committee on which there would be representatives of the civil service, and our department and the Legion; that the whole matter be thoroughly gone into by such a committee to see if they could work out something which they might wish to suggest, or whether we should simply come to a decision now and be done with it.

Mr. SINCLAIR: Speaking as a member of the veterans committee I say the time is now to make the decision. I would like to make this one point. After the last war undoubtedly the civil service was the chief source of government employment, but that situation is greatly changed to-day. There are far more government jobs in Crown companies and other government agencies than there is in the civil service to-day, but none of these jobs gives a veteran any preference, yet these are the jobs that pay the best salaries.

As it stands to-day there is a rigid civil service preference for overseas veterans in all the petty \$80 a month jobs as postal clerks and the like, but the

high-ranking jobs are for the most part filled by civilians. For example, in the last year or two we have had young men of military age but no military service appointed as chairman of the CBC, president of the Central Mortgage Corporation, both at salaries greater than that given to the Prime Minister, and another appointed Deputy Minister of Health. In connection with legal work we have had lawyer after lawyer appointed to commissions while soldier lawyers got nothing. We have two examples of this on the Industrial Relations Committee of this House to-day, two young lawyers of military age but no military service acting as committee counsel, while across the country we have hundreds of able young lawyers just returned from active service unable to find even office space to pick up their profession again, who would eagerly have accepted such appointments. As long as we restrict our soldier preference to petty civil service jobs and do not cover this class of government job we are falling down on the job.

To my mind, much more important than deciding whether there should be a secondary civil service preference for volunteers who did not leave Canada, this committee should recommend that the soldiers' preference be enlarged to cover not only civil service positions but all positions in every agency of the Crown, high-ranking civil service jobs as well as the low ones.

In my remarks on some recent appointments of non-veterans to high posts, I did not mention any names, as I had no desire to be personal, for this is a matter of principle rather than personality. It may be that some of them were physically unfit for military service, but because of this they were able to stay in Canada and acquire further qualifications which should fit them for private employment even better than government employment. While some of our more brilliant war veterans may not have quite the professional qualifications for these posts, because they were fighting in Europe instead of advancing themselves professionally in civilian jobs in Canada, it should not be forgotten that many of them developed, under wartime urgencies, very great qualities in the executive field. I need only mention the high qualities of leadership demanded from a wing commander leading a bomber squadron in the air and on the ground, of the young men who commanded our corvettes and destroyers and led our tank battalions—certainly the talents they developed on the battlefield does help fit them for important executive positions in government agencies. This committee should make a recommendation to parliament that henceforth civil service preferences for veterans should be applied to all positions under the dominion government or its agencies.

Mr. Mutch: Whether the appointments are made through the Civil Service Commission or not, most of these jobs you are mentioning have been filled by appointment.

Mr. Sinclair: I will give you one specific case which was raised by members of my own branch of the Legion in North Vancouver, the head of the Wartime Prices and Trade Board in B.C. He is a young lawyer who held a commission in the militia before the war, but who did not go active. He is a peacetime soldier parading in uniform but who would not wear a uniform in war, a smart boy who stayed home and built up a practice when most of the young lawyers in Vancouver were in the fighting services. By the end of the war he became head of the Wartime Prices and Trade Board in B.C., and has established a big law practice. When I asked on the order paper of the House of Commons whether he would be removed to make way for a veteran, I was told no change was contemplated as it was not a permanent government job. Permanent or temporary, there are to-day in Vancouver many young lawyers just back from overseas, better lawyers than this individual, who have lost their practices fighting for their country and who now cannot find office accommodation and are not even given preference on government jobs or briefs. I say it is all wrong.

Mr. HARKNESS: I wish to support the statement made by Mr. Sinclair. With all these Crown companies and government agencies there are going to be lots of jobs in the immediate future and probably forever. There are far more people outside of the civil service, strictly speaking, employed by the government than there are in it, and it is all the more essential for us to provide jobs for returned men in these government agencies than through the secondary preferences.

The CHAIRMAN: That is another point. Now, the suggestion is that whatever preference is recommended to be extended for the civil service should be extended to these other people; but what we are trying to decide is what preference we would recommend should be extended to the civil service, and the other would be a supplementary recommendation. What is the wish of the committee in regard to what we should recommend regarding the civil service preference as such?

Mr. MUTCH: The committee should first decide its practice. Is this something which we are going to deal with specifically as a result of the resolution now or at some subsequent meeting, or is it something we should think about discussing when we come to make our final report which will embody a number of resolutions touching on questions which are not now before us in the nature of legislation? My own suggestion would be that we think this matter over and when we meet in camera to formulate our final report make our recommendation then.

The CHAIRMAN: We are getting close to the point where we shall sign off our proceedings in this committee. That point will be reached when we have concluded the legislation before us. That legislation is practically concluded except for the Veterans' Land Act, and as soon as that is completed we will make our final recommendation. I hope we shall be able to conclude this week.

Mr. SINCLAIR: I will move that the present civil service preference for disabled overseas veterans be extended to cover employment in all government agencies.

Mr. MUTCH: Would you apply that to the C.N.R.?

Mr. SINCLAIR: Yes, I certainly would. It is already applied to the T.C.A., and I would apply it to the C.B.C. and the C.N.R.

Mr. ISNOR: Mr. Chairman, while Mr. Sinclair is counselling with his legal adviser, may I suggest to you that our policy of setting up subcommittees to deal with certain matters has worked out in a satisfactory manner. I was going to suggest as I listened to the arguments being advanced that in view of the fact that we have a definite section—9 (a) on page 44 of the minutes of Tuesday, March 26—dealing with this particular subject, that it would be well for the committee to pass this information along with the minutes of today's meeting, and in addition the brief presented by Air Vice Marshal Curtis dealing with the matter from the departmental standpoint to the subcommittee. With those three documents before the subcommittee they could in turn recommend to the main committee a course of action with respect to this whole question.

Mr. SINCLAIR: I would add one clause after consulting my legal adviser.

Mr. GREEN: Do not blame me.

Mr. SINCLAIR: Including crown corporations or crown companies.

Mr. GREEN: I think probably we are all in favour of that, Mr. Chairman. What amazes me is that this sort of business is going on right in the House itself. I guess the House staff is not directly under the Civil Service Commission.

Mr. BLAND: The temporary staff is not.

Mr. GREEN: We had a young lad here as a page boy, a young chap by the name of Roméo Latreille. He was here from 1935 to 1940 as a page. The chairman will perhaps remember in 1939 he distinguished himself by saving a

youngster from drowning near Ottawa and that was mentioned in the House. In 1940 he went to the debates office. He enlisted in 1941, was in the R.C.A.F., became an air gunner and got overseas in 1945 but unfortunately not in time to get into action. He was discharged in September, 1945, came to work here in the building as clerk in the distribution office until December last year and then he was let out. About February of this year a man who had been working as clerk there left and his place was filled by a man by the name of Levesque who had been temporary messenger without any service and who was 30 years of age. In other words, this overseas boy was just simply kept out of the picture. There was no civil service examination. If there had been an examination the preference would have been applied, as I understand it. The position was never advertised at all. The other man was simply sent in to take over this job. I think this committee should get right after every case of that kind that appears.

Mr. JUTRAS: Who was directly responsible for the appointment?

Mr. GREEN: Well, off the record, I will tell you.

Mr. SINCLAIR: Off the record nothing. Let us have it on the record.

Mr. GREEN: Well, who is responsible for all these appointments around the House?

Mr. SINCLAIR: Do not shrug your shoulders. It is Dr. Beauchesne. I will put it directly, if you do not want to.

Mr. MUTCH: Well, nominally.

Mr. GREEN: I think cases like that should be investigated and should be corrected, because there is no excuse for that. It just makes the civil service preference a farce. As Mr. Sinclair has said, there are some veterans able to get the veterans preference if they come under the Civil Service Commission; but there are thousands and thousands of jobs that do not come under the commission and these veterans are losing out. I would ask that you appoint a subcommittee to investigate this particular case.

Mr. MUTCH: Oh, I feel exactly the same as Mr. Green does about that specific case. But I do suggest to you, Mr. Chairman, that we had better stick to our resolution. I think it is all right to discuss it and all that sort of thing, but we undertook not to deal with specific cases. If we are going to do that, we will all rise up and break your hearts with specific cases, and I think we had better not do that.

Mr. SINCLAIR: Except that we have special responsibility for the veterans on the staff right here in the House.

Mr. MUTCH: I think we should do something about that, but I say it would be a bad precedent to have a subcommittee. We can put it in our minutes now that we do not like it; and we can deal with it by making a recommendation, if you like.

The CHAIRMAN: So that, Mr. Sinclair, your motion says "All dominion government agencies." That surely would include employment in parliament.

Mr. SINCLAIR: I am wondering whether I should not include both temporary and permanent, because apparently the way around it is that they are temporary.

The CHAIRMAN: It says, "Employment in dominion government agencies, both temporary and permanent." Is that what you wish to put in?

Mr. SINCLAIR: That is right.

The CHAIRMAN: Let us see how it reads then. It reads: "That the present civil service preference for disabled veterans and veterans who served overseas be extended to cover all employment in all dominion government agencies."

Mr. SINCLAIR: No. I want that other clause put in.

The CHAIRMAN: "All employment, both temporary and permanent" goes in there?

Mr. SINCLAIR: Yes.

The CHAIRMAN: So it will read: "That the present civil service preference be extended to cover all employment both temporary and permanent, in dominion government agencies, this to include crown companies. Instead of reading as it did before, it will read. "This to include crown companies." Will those in favour of the motion please raise their hands?

Carried.

You wish that reported to the House?

Mr. SINCLAIR: Yes. I wish the fact noted that it carried unanimously, apparently; I did not hear any dissent.

The CHAIRMAN: I doubt if that is really legally correct. I was thinking about that. There is no provision in the rules of the House for a minority report from a committee. I think it has got to go as a report of the committee and I doubt very much if it is in order to say that it was carried by a majority or otherwise. It is our report. I think that is correct.

The CLERK: That is correct.

Mr. MUTCH: You can always poll the vote and see if nobody says "nay"; and that would be a bit stupid.

The CHAIRMAN: I was just reading a report that we made and we put it in the report before; it just occurred to me that it was not quite in order under our rules. But it can be stated, I think, by those who are willing to take the chance, that it was carried unanimously. That was stated in regard to some other matters; but so far as our report is concerned, I think it is just the report of our committee. Is there any other resolution that this committee wishes to consider in the matter?

Mr. MUTCH: Our decision with respect to the question we have been discussing all day, I take it, is that we formulate our policy.

Mr. SINCLAIR: Incorporate it in that resolution.

Mr. MUTCH: I am not unaware of the implications, but I think we will have to do it more positively. That will be done in our final report.

The CHAIRMAN: Unless it is actually brought up by the committee, I would take it that this settles the matter.

Mr. GREEN: That motion did not deal with the preference.

The CHAIRMAN: No. I say unless it is brought up by the committee now or when we are drafting our final report to the House, I will take it that the committee has spoken. I do not figure myself that I am under an obligation to bring the matter up again. I think we should deal with it this morning, and do what we are going to do about it. We have thought about it for years now; we have discussed it and it seems to me that we should be ready to decide it. But if the committee wants to take further time on it, we can take it up when we discuss our final report.

Mr. BENTLEY: Are you going to give any consideration to Mr. Isnor's suggestion of appointing a subcommittee?

The CHAIRMAN: If the committee wish to do that, that is okay; or, so that the door is not closed entirely, we could recommend that a committee composed of the Legion, of civil servants and our department, and a representative of the services, be set up to study the whole question. That is another way that we could do it.

Mr. MUTCH: Shelve it.

The CHAIRMAN: No, not shelve it. In that way we would feel that the matter would receive further consideration. I realize that what the air force and navy have put before us to-day covers some very deserving cases. We all know that.

Mr. GREEN: Had we not better deal with it in our final report?

Mr. ISNOR: Mr. Chairman, I advanced that thought because, as I stated, I felt that the subcommittee had handled various subjects in a very satisfactory manner and brought their findings before the main committee in concrete form. I still feel that in the evidence placed before us to-day there is much meat for thought. I move that this particular section be placed before a subcommittee for recommendation to the main committee. I will broaden it to include civil service preference.

Mr. SINCLAIR: Ordinarily a subcommittee is set up to receive evidence which we have not ordinarily received. I cannot see where this subcommittee has any more information than this main committee has.

Mr. BENTLEY: I agree with Mr. Isnor. I believe that while the subcommittee may have to go over the same evidence it will be able to give more study to the matter and bring us in a report.

Mr. GREEN: We are trying to finish the work of this committee this week, and it does seem to me to be rather late to refer this matter to a subcommittee. We have been mulling this matter over in our minds for a month, and I shall move in amendment that we deal with this question when we are preparing our final report.

The CHAIRMAN: Shall the amendment carry?

Carried.

Mr. BENTLEY: Mention was made that this committee has nearly finished its work or will have finished it when it has dealt with the Veterans' Land Act. It is my view that we did not deal with the merchant navy.

The CHAIRMAN: It is a matter for the committee to decide. However, there is another matter I wish the committee to deal with. In our desire to get the business loans matter dealt with and get it into the House it appears that the usual procedure was a little bit short circuited. All these bills go before the Department of Justice for study and final approval in regard to the language and the form of the enactments, and somehow we had not got our final report from the Department of Justice before we considered that matter and reported it to the House. Now, I am assured that what the Department of Justice recommends with regard to a few of the sections does not change the effect: it is a matter of draftsmanship to make our intentions more precise. Now, I could bring before the committee to-morrow the suggestions of the Department of Justice, and if there is no objection to them we could have the bill introduced embodying all the suggestions. On the other hand, if the committee feels that it has made its report on this matter and will stand on that but reserve the right to criticize any changes, and if they feel it makes any substantial difference when it goes into the House, we might have to consider it. I can bring forward the suggestions of the Department of Justice to-morrow for the committee to view and see what they think about them, and we can send that bill into the House with some of those sections redrafted and clarified. Is that the wish of the committee?

Mr. MUTCH: How many are there?

The CHAIRMAN: There are changes in seven or eight sections.

Mr. MUTCH: Is it wise for us to go over the whole bill again, and that is what it would probably mean.

The CHAIRMAN: That is what I was afraid of. I did not want to do that without bringing it before the committee. I am assured that these things do not

change the purpose of the bill. They are just a matter of clarification and make it more certain.

Mr. GREEN: If they do change it, Mr. Chairman, we will go after you in the House.

The CHAIRMAN: That is one of the ways it may be handled. On the other hand, if the committee wishes to have a look at it, they may; perhaps what I should do anyway is have them mimeographed and circulated to the committee to-morrow morning. Then if there is anything that might occur to some of our keen-minded committee men, they might suggest it and we can avoid trouble in the House perhaps. That is what I will do. I will just circulate it, and then if there is nothing further said, we will get this into the House.

Mr. GREEN: What are we taking up to-morrow?

The CHAIRMAN: To-morrow I was hoping that Mr. Jutras would be able to make his report to the committee in regard to co-operatives. We also have the amendments right along the lines the committee wishes action to be taken in bringing the Veterans Land Act in full integration with the rest of the Department of Veterans Affairs. Those amendments are ready and I thought we could consider them first, and then have Mr. Jutras ready with his recommendation on co-operatives. We could deal with that and if we could get through with that to-morrow, we could recommend the Veterans Land Act bill to the House. Then on Thursday, or whenever the committee decided, we could meet to draft our final report. That is what I had in mind myself.

Mr. JUTRAS: I am afraid that the subcommittee will not be in a position to have its report ready to-morrow. We met on Friday again, but it was decided by the subcommittee to get further evidence from Mr. Murchison; he was away on his tour in the west and just got back this morning. We will try to get hold of him either to-night or to-morrow morning.

Mr. GREEN: Could we have that if we met to-morrow at 4 o'clock?

Mr. JUTRAS: We might. If we met to-morrow at 4 o'clock we could possibly meet in the subcommittee in the morning. But the House sits in the morning. It all depends on Mr. Murchison.

The CHAIRMAN: I understand he is in town and will be available. Then we will adjourn until to-morrow at 4 o'clock, because I do not think this other question will take very long.

The committee adjourned at 1 p.m. to meet again on Tuesday, July 23rd, at 4 p.m.

SESSION 1946

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 50

TUESDAY, JULY 23, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs;

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act;

Mr. M. W. Sharp, Special Assistant to the Deputy Minister of Finance.

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1946



REPORTS TO THE HOUSE

TUESDAY, July 23, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTY-SECOND REPORT

Your Committee has considered representations on behalf of persons who engaged in pursuits closely related to the war and recommends that the Government consider the advisability of introducing a bill providing that:—

1. the supervisors of the auxiliary services and fire fighters of the Corps of Canadian Fire Fighters dispatched overseas, and members of the Canadian Red Cross Society and the St. John Ambulance Brigade who served in an actual theatre of war, be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces;
2. the V.A.D's who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942, be granted
 - (a) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act, and (b) if pensionable, eligibility for vocational training as provided for veterans, or equivalent education training;
3. the orthopaedic nurses who were selected by the Canadian Red Cross Society for employment by the Scottish Ministry of Health be granted
 - (a) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act, (b) if pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training, and
 - (c) a gratuity of fifteen dollars for every thirty days of service in an actual theatre of war as defined in The War Service Grants Act, 1944; and that
4. former civilian flying personnel of No. 45 Group, Ferry Command, Royal Air Force, be granted
 - (a) vocational and educational training as for veterans,
 - (b) benefits under The Veterans' Land Act, 1942,
 - (c) a gratuity of fifteen dollars for every thirty days of service.
 - (d) a re-establishment credit of fifteen dollars for every thirty days of service,
 - (e) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act,
 - (f) eligibility under The Veterans Insurance Act, and
 - (g) income tax exemption as great as that granted any other civilian group.

All of which is respectfully submitted,

WALTER A. TUCKER,
Chairman.

TUESDAY, July 23, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTY-THIRD REPORT

Your Committee recommends that the present civil service preference for disabled veterans and veterans who served overseas be extended to cover all employment, both temporary and permanent, by Dominion Government Agencies, inclusive of Crown companies.

All of which is respectfully submitted.

WALTER A. TUCKER,

Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, July 23, 1946.

The Special Committee on Veterans Affairs met at 4.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Bentley, Blanchette, Brooks, Cruickshank, Dion (*Lake St. John-Roberval*), Emmerson, Gauthier (*Portneuf*), Green, Harris (*Grey-Bruce*), Herridge, Jutras, Kidd, Lennard, Macdonald (*Halifax*), McKay, Mutch, Pearkes, Quelch, Rose (*Souris*), Tremblay, Tucker.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister, and Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act; Mr. M. W. Sharp, Special Assistant to the Deputy Minister of Finance.

The Chairman informed the committee of the decision of the Government as to the recommendations contained in the Committee's twentieth and twenty-second reports.

The Committee proceeded to consideration of certain amendments made by the Department of Justice to the draft bill respecting business and professional loans to veterans.

Mr. Sharp was called, heard, questioned and retired.

Mr. Gunn was recalled and questioned.

The amendments suggested by the Department of Justice were approved, the revised draft ordered to be printed as *Appendix "A"* to this day's minutes of proceedings and evidence, and it was agreed that the said draft be not again submitted to the Committee.

The Committee proceeded to consideration of a draft of a proposed bill to amend The Veterans' Land Act, 1942.

Mr. Jutras from the subcommittee on co-operatives presented the following report:—

Your subcommittee on co-operatives has studied the further proposal of the Hon. J. H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan, as given by him to the committee on July 16. The Director of The Veterans' Land Act, 1942, Mr. Murchison, was recalled and questioned thereon.

Your subcommittee believes that the experiment is worthy of trial but has been unable to find a solution of the administrative difficulties and feels that provisions of The Veterans' Land Act should be more fully explored as to the facilities now offered for the settlement of veterans on co-operative farms, and recommends that the administration continue negotiations with the province with a view to formulating some mutually satisfactory scheme for consideration at the next session of Parliament.

On motion of Mr. Jutras, the said report was concurred in.

Mr. Gunn submitted certain proposed amendments to the draft bill.

At 5.30 o'clock p.m., the Committee adjourned until 9.00 o'clock p.m. this day.

EVENING SITTING

The Committee resumed, in camera, at 9.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Ashby, Baker, Benidickson, Bentley, Blair, Bridges, Brooks, Croll, Cruickshank, Drope, Emmerson, Gauthier (*Portneuf*), Green, Harkness, Harris (*Grey-Bruce*), Herridge, Langlois, Lapointe, Lennard, Marshall, Mackenzie, Macdonald (*Halifax*), McKay, Mutch, Pearkes, Quelch, Ross (*Souris*), Skey, Tremblay, Winters.

In attendance: Mr. W. G. Gunn, Departmental Counsel, Department of Veterans Affairs.

Consideration of a draft of a proposed bill to amend The Veterans' Land Act, 1942, was continued.

The draft bill was amended by deleting clause 1 thereof and substituting therefor the following:

Paragraph (*h*) of subsection one of section nine of the said Act is repealed.

The draft bill was further amended by the insertion of the following clause immediately preceding clause 1:—

1. Section three of The Veterans' Land Act, 1942, chapter thirty-three of the statutes of 1942-43, is repealed and the following substituted therefor:—

3. (1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (in this Act referred to as "the Director") who shall be responsible to the Minister and be paid such salary as may be fixed by the Governor in Council.

(2) This Act shall be administered by the Minister and the powers and duties conferred or imposed by this Act on the Director shall be exercised or performed subject to the direction of the Minister.

The draft bill was further amended by the addition of the following clause:

5. (1) The part of subsection one of section thirty-seven of the said Act that precedes paragraph (*a*) thereof is repealed and the following substituted therefor:

37. (1) The Governor in Council may, subject to the provisions of this Act, make regulations prescribing:—

(2) Paragraph (*j*) of subsection one of section thirty-seven of the said Act is repealed and the following substituted therefor:

(*j*) with respect to any other matter concerning which the Minister deems regulations necessary for the execution of the purposes of this Act.

(3) Subsection one A of section thirty-seven of the said Act is repealed and the following substituted therefor:

(1A) The Director may with the approval of the Minister make regulations authorizing persons named herein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the Director.

Clauses 1, 2 and 3 were renumbered as 2, 3 and 4 respectively.

Mr. Cruickshank moved that before any action is taken on the draft of the proposed bill to amend The Veterans' Land Act, 1942, the Rt. Hon. Mr. Howe be asked to appear before the Committee.

After discussion, and by leave of the Committee, Mr. Cruickshank withdrew his motion.

Mr. Mutch moved that the draft bill be adopted and that the Chairman be ordered to report to the House accordingly.

After discussion, and the question having been put on the said motion, it was resolved in the affirmative.

It was agreed that the Director, The Veterans' Land Act, Mr. Murchison, be heard respecting small holdings, at the next meeting.

The Chairman submitted a draft of a proposed bill to amend the Senate and House of Commons Act to enable Members of Parliament to participate in benefits under the Soldier Settlement Act and the Veterans Insurance Act.

On motion of Mr. Mutch, consideration of the proposed draft bill was deferred.

The Chairman tabled a letter dated July 2, 1946, from the General Secretary of the Canadian Legion, together with a brief respecting supervisors in the auxiliary services who served in Canada only, which is printed as *Appendix B* to this day's minutes of proceedings and evidence.

At 10.45 o'clock p.m., the Committee adjourned until Wednesday, July 24, at 4.00 o'clock p.m.

A. L. BURGESS,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 23, 1946.

The Special Committee on Veterans Affairs met this day at 4 o'clock a.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, let us proceed. I have been authorized by the minister to say to the committee that the recommendation in regard to civilian groups has been considered and the government, for reasons which I shall not attempt to go into now, have decided that they will proceed with the bills which are now on the order paper in regard to the firefighters and the auxiliary services supervisors, and not attempt to bring in any omnibus bill at this session.

In regard to the Civilian Pension Bill, they are accepting the recommendation of the committee to the extent of bringing within its clauses provisions in regard to V.A.D's, Red Cross nurses who served overseas and St. John Ambulance personnel who served overseas, and also in regard to nurses who served in the Orthopedic Hospital in Scotland; also the ferry command group.

Mr. LENNARD: You said Red Cross nurses; I suppose you meant Red Cross workers?

The CHAIRMAN: Red Cross workers, that is correct. I understand it is the will of this committee that the government should take the responsibility for that and introduce the bill into the House. So on the strength of that, that bill will be proceeded with.

Now, as regards the Business and Professional Loans Bill which we have already reported to the House I mentioned to the committee before that Justice had desired to actually revise and reword some of the clauses of that bill, and it was the wish of the committee that it should be proceeded with in the House; but I thought for the purposes of the record it would be a good thing to have the revised bill, as suggested by Justice explained to the committee. I am assured it does not change the bill but is merely designed to improve, to clarify and to carry out its intentions. With that definite assurance, I think the explanation should appear in the record. We have that assurance from our own solicitor and from Mr. Sharp of the Department of Finance, who has gone over the bill with Justice. I have here several copies of this bill which, on the advice of Justice, will be the one which is introduced into the House, and I am going to ask Mr. Sharp and Mr. Gunn to explain the differences, so that if anyone wishes to ask any questions he can do so. I thought it would save some time in the House if we adopted this procedure. The bill will be distributed and Mr. Sharp will explain to the committee shortly what is involved, and it will appear on our record.

Mr. M. W. SHARP: Mr. Chairman, as you have explained, the Department of Justice felt that they could make some improvements in the drafting of this bill. It was rather unfortunate that the Department of Justice was not in at the early stages of our proceedings, but that was impossible in view of the great rush at that time and the great pressure put upon certain of the senior officials of the Department of Justice.

Now, the bill as revised, with certain exceptions which are well explained, carries out the intent of a proposed bill that has already been discussed by the committee. The changes are these: in clause 3 (1) (a) the committee suggested that the purposes for which the loan should be available should be enlarged.

You will remember that the suggestion was to enlarge them by adding these words to clause 3 (b) (i) of the original draft: "any purposes connected with the expansion of a veteran's business."

Now, the Department of Justice has gone even further than that, and with that excepted their draft 3 (1) (a) now says:—

the application stated that the loan was required by the veteran for any of the following purposes:—

- (i) the purchase of a business;
- (ii) the purchase or repair of machinery, tools, instruments or other equipment for his business;
- (iii) the construction, repair or alteration of or making of additions to any building or structure used or to be used in the carrying on of his business;
- (iv) any purpose as prescribed which may be deemed to benefit his business.

Now, that language is broader than the committee suggested, and the Department of Finance and the Department of Veterans Affairs were willing to accept the redraft of the Department of Justice.

Mr. GREEN: Does that have anything to do with running into an incorporated company?

Mr. SHARP: No, I do not know whether the government had explained the government's attitude on that clause. It is the same section. It is the definition of the purchase of a business.

The CHAIRMAN: That would have been explained when the bill was introduced into the House. After a great deal of discussion the government felt that it should not undertake to permit this loan to be used to purchase an interest in a business; that it should be kept in line with the purposes for which a re-establishment credit should be used. The views of the committee were not very carefully put before the government in that regard, but it felt it should not depart from the purpose of the bill to that extent. I do not think that has actually been announced to the committee, but it would have been announced when the bill came into the House that the government took the responsibility for not following the committee's recommendation in that regard. That is the only regard in which the government was not going to follow the proposed bill as recommended by us. This bill now comes back to what the government is willing to accept. It accepts everything except buying an interest in a corporation.

Mr. SHARP: The second change, Mr. Chairman, is in clause 7(1) (h). You will remember that the committee, and Mr. Green in particular, pointed to an anomaly in the provision relating to the alteration of the terms of a loan in the event of impending or actual default. As I recall it, Mr. Green pointed out it would be possible under the clause as then drafted to alter the rate of interest even though the loan was not in default. That has now been corrected, and you will notice that the clause which is now 7(1) (h) has been split into two parts—7(1) (h) and 7(1) (i). Clause 7(1) (h) now relates to the event of an impending default, and it gives the bank, with the consent of the borrower, the right to alter any term except rate of interest. Clause 7(1) (i) gives the bank the right to alter any term including the rate of interest because that clause relates to actual default.

Now, the third change. In the section of the bill relating to offences, clause 9, in the original draft submitted to the committee it was provided that in addition to a fine there should be imprisonment and the words "on summary conviction," which were omitted inadvertently. You will now notice that clause 9 has been amended to remove any penalty of imprisonment and to add the words "on summary conviction."

The fourth change is in clause 12. The committee pointed to the desirability of providing that when the minister put his report before parliament he should also table the regulations. You will notice in clause 12 that "the minister shall lay the said report together with any regulations made pursuant to this Act during the past fiscal year before parliament, if parliament is then in session, or within fifteen days of the next session of parliament".

Those are the substantive changes made in the bill. There have been quite a number of drafting changes. I do not know, Mr. Chairman, whether you would like me to go over those in detail. The main one is to make clear what kind of loans are guaranteed, and you will notice at the top of clause 3(1) a heading "Guaranteed Loans". The following section sets out the conditions attaching to a guaranteed loan. Now, because the Department of Justice wanted to use the term "guaranteed loan" throughout the Act it was necessary to change the structure of the bill to fit their particular desires. You will notice also in relation to the guarantee that clause 6 which deals with the payment of losses by the government, is filled out in much greater detail. I think some of the members found it difficult to follow the former corresponding section in the draft proposal, section 35. We had condensed the section down to six lines; the Department of Justice in their redrafting have it down to something like twenty or twenty-five lines.

Mr. GREEN: The same thing, only different.

Mr. SHARP: That is right. We thought the six lines were understandable, but the Department of Justice did not, and it may be that their version is superior, because it is possible to understand at once what is intended, whereas it was necessary, I think, in our draft to spend a little intellect over it. I think those are the main drafting changes, Mr. Chairman.

The CHAIRMAN: Thank you very much, Mr. Sharp. Now, I think we should have this bill printed in our report so there will be a complete report of our work. We have had the explanation from Mr. Sharp. Mr. Gunn, is there anything you would like to add to that?

Mr. GUNN: I do not think I can add anything of value, Mr. Chairman, except to say that I have given the bill careful consideration and I am satisfied that it does not depart in principle or in substance from the draft that was considered and approved by this particular committee.

The CHAIRMAN: I think, gentlemen, if there are no questions now in regard to this matter, that the various members of the committee might like to study this—

Mr. CRUICKSHANK: What does it mean: "the amount of fee which may be charged for insurance"; is that fire insurance?

Mr. GUNN: Yes, you will find insurance defined in the definition section:—

"Insurance" means insurance that a bank may carry to cover any loss sustained by it as the result of a guaranteed loan.

The CHAIRMAN: I thought it would not be necessary for us to have any further recommendation on this matter. If the committee want any further information or want to ask any further questions after looking into this matter they could ask the questions at a future meeting, perhaps at the next meeting we hold; but in the meantime we might as well go ahead and put this bill on the order paper and get it advanced to the stage of first reading. Is that satisfactory to the committee?

Carried.

(Bill appears as Appendix "A".)

Thank you very much, Mr. Sharp.

Now, we have the Veterans' Land Act to consider. That is the other piece of legislation which we have before us. It is the main piece of legislation left.

and the committee will remember that we considered the draft of the proposed bill and approved it with certain amendments. Then, we did not report it because we were waiting to see what would be done about the matter of co-operatives. Since then there has been a further suggestion that a change might be made in the actual relationship of the Veterans' Land Act department to the rest of the department. Now, the first item before us will be the report of the special subcommittee on co-operatives. Mr. Jutras is the chairman and I believe he has a report to present.

(Report of subcommittee appears in minutes of proceedings.)

Is there any discussion on this report or do you wish to hear Mr. Murchison on it? All those in favour of adopting this subcommittee's report indicate by raising their hands.

Carried.

Now, that brings us to the question, gentlemen, of the proposed amendments. Mr. GUNN, have you got them in a form to lay before the committee?

MR. GUNN: Mr. Chairman, you will remember that at the meeting of the committee at which this matter was recently discussed I hurriedly prepared and submitted for the consideration of the committee a draft of an amendment which I thought might at least carry out the substance of the committee's intentions. That amendment was put and approved. Subsequently, just to play safe, I referred my amendment to the Department of Justice and asked for their revision of it, and I now have it. I have one copy here.

The CHAIRMAN: Will you read it?

MR. GUNN: Yes, I will. It is proposed to amend section 3 of the Veterans' Land Act by repealing that section and substituting therefor the following:—

3. (1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (in this Act referred to as "the Director") who shall be responsible to the Minister and be paid such salary as may be fixed by the Governor in Council.

(2) This Act shall be administered by the Minister and the powers and duties conferred or imposed by this Act on the Director shall be exercised or performed subject to the direction of the Minister.

Now, that is the most substantial change, Mr. Chairman. We have to go a little further and make some additional changes in subsequent parts of the Act, and these are contained in the following proposals.

MR. ROSS: Would you mind reading us the section that is being repealed? Have you got it there?

MR. GUNN: Yes, I have.

MR. PEARKES: Mr. Chairman, I believe that the officer who is concerned by this amendment is in the room. I wonder whether it would be advisable to ask him to withdraw, or not. There may be some discussion on this matter which might make it rather embarrassing if he remained. I am of very open mind about it.

The CHAIRMAN: I am rather glad he is here because when the proposed amendment is actually before us I thought I would then lay before the committee a short submission which I received from the Canadian Legion in regard to this matter and we will give Mr. Murchison a chance to make any remarks on the matter which he likes, because he is administering the Act. After that, if it is the desire of the committee, we could discuss the matter in his absence. However, I thought until that point was reached we would want to hear what he has to say. Let us have the whole submission before the committee, then the letter from the Canadian Legion and then we will hear Mr. Murchison. After that we will get down to business and discuss the matter.

Mr. GUNN: In reply to Mr. Ross I may say that the section that is to be repealed reads as follows:—

3. (1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (hereinafter referred to as "the Director") who shall be responsible only to the Minister and who shall have the rank and standing of a Deputy Head.

(2) The Director shall be paid such salary as may be fixed by the Governor in Council.

The change amounts to this: the word "only" has been struck out. "Responsible only to the Minister" is the way it appears in the Act now. That word "only" has been struck out.

Mr. LENNARD: Does that mean that in the absence of the minister he is responsible to the deputy minister?

Mr. GUNN: That is the case, Mr. Chairman. For the purposes of this Act and in fact all statutes unless stated contrary in the Act itself, the Interpretation Act governs, and the Interpretation Act says that in certain cases in administrative matters the minister shall include his lawful deputy.

Mr. PEARKES: That is definitely not the Deputy Minister of the Department of Veterans Affairs but the Deputy Minister of Reconstruction, is it not?

Mr. GUNN: No, in this Act the minister means the Minister of Veterans Affairs.

Following up the question as to what changes there are, there is this specific subsection which tries to make it clear beyond any shadow of doubt that the minister is responsible for the administration of the Act and that the powers and duties conferred or imposed by the Act on the director shall be exercised or performed subject to the direction of the minister.

In other words, the effect, in my opinion, is that the director becomes, with an exception which I will mention, the chief administrative officer of the minister, but as I said before, he is responsible to him and to his deputy.

Now, the exception I mention relates to the power of the director to acquire and dispose of lands. The Act provides that for that purpose and that purpose only the director is what is known in law as a corporation sole; he has certain attributes of a corporation and has his common seal and executes documents and so on in relation to the purchase or disposal of land.

Now, I have dealt with that part, Mr. Chairman, which, as I said before, is the main amendment. What follows is merely ancillary and is required for the purpose of carrying out fully the intention of that amendment that I have just read. It is as follows:—

37(1) The Minister may, with the approval of the Governor in Council and subject to the provisions of this Act, make regulations prescribing. . . .

That is the regulation section, and immediately after the word "prescribing" there is set out in the section various things that may be done by Order in Council. The only change there is that the words "the director" are replaced by the words "the minister".

There is another similar change in paragraph (j) of subsection (1) of section 37, which is repealed and the following substituted therefor:—

37(2) (j) with respect to any other matter concerning which the Minister deems regulations necessary for the execution of the purposes of this Act.

There again the word "director" is replaced by the word "minister".

Subsection (1) (a) of section 37 of the Act is repealed and the following substituted therefor:—

37(1) (a) The Minister may with the approval of the Governor in Council make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the Director.

Then there again it is simply a matter of removing the words "the director" and replacing them with the words "the minister".

Mr. GREEN: What does that mean? How far does that go?

Mr. GUNN: The minister, with the approval of the Governor in Council, may do these things.

Mr. GREEN: The Act as it now reads gives the director power within his own department to say that certain people are to do certain things; is that a fact?

Mr. GUNN: Well, all subject to the control of the minister.

The CHAIRMAN: The only change in that was that the director with the approval of the Governor in Council could do it; now it is the minister may do it with the approval of the Governor in Council.

Mr. GREEN: I have not got a copy of the minutes before me, but what was the power as it originally stood—and as it stands now?

Mr. GUNN: I will read it, Mr. Green. Dealing with section 37 it reads like this:—

37. (1) The Director may, with the approval of the Governor in Council and subject to the provisions of this Act, make regulations prescribing: . . .

and it prescribes a number of things.

Mr. GREEN: Is that the last amendment?

Mr. GUNN: No.

Mr. GREEN: I am only interested in the very last one.

The CHAIRMAN: That is the last one.

Mr. GREEN: It is hardly the last one. The last one I mentioned was 37(1) (a):—

The Minister may with the approval of the Governor in Council make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the Director.

Mr. BENTLEY: That replaces the present (1) (a)?

Mr. GREEN: That is the present (1) (a).

Mr. GUNN: Oh, no, I do not know what you have in your book.

Mr. BENTLEY: It says ". . . make regulations prescribing (a) qualifications necessary in order to entitle veterans to the benefits or assistance or to any particular benefit or assistance under this Act." That is at page 526 of the red book. It is section 37(1) (a).

Mr. GREEN: What is the section you have just read from?

Mr. GUNN: 37(1)(a): "The Director may, with the approval of the Governor in Council, make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the Director."

Mr. GREEN: They are not the same. The reason I raised the question was that it sounded to me as though this is merely administering the problems which come up before the director himself. The director may want (a) to do one thing; (b) to do something else; (c) to do the third thing, and I am wondering whether it is wise to take that power away from the director and give it to the minister. It seems to me to be a matter of departmental administration.

The CHAIRMAN: The red book is not up to date. There was an amendment made in 1945, chapter 34—that was last year—and we introduced a section 1(a), and that section 1(a) which was passed in 1945 and is not in the red book reads as follows—it follows after (j) in the red book:—

The Director may, with the approval of the Governor in Council, make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act under the Director.

It gave the right to confer certain powers on other people with the approval of the Governor in Council. Now, one change was to confer that right on the minister, with the approval of the Governor in Council; in other words, it gives the initiative to the minister instead of to the director.

Mr. GREEN: Is the proposal to restrict it to people already in the department, or is this wide enough to enable the minister to give some of the director's powers to someone outside of the Veterans' Land Act administration?

The CHAIRMAN: These powers that are changed here by the last section are powers that were only exercised with the approval of the Governor in Council. Now, of course, we give the director the power to set up somebody who could sign for him in the provinces with the approval of the Governor in Council. Of course, in this proposed amendment that power will be given to the minister with the approval of the Governor in Council. Those are the changes anyway, gentlemen. I think if it is clear to you what the form of the amendments is I should read to you the letter which I received from the Canadian Legion.

Mr. GREEN: With regard to the point I raised, would the situation not be met if you provided that the director could make these regulations subject to the approval of the minister, because they are only regulations dealing with what goes on inside of the department?

The CHAIRMAN: No, they are conferring rights for people to act for the director. The idea was, right in the Act which we passed ourselves last year, to sort of decentralize; we gave the right to the director to delegate his powers with the consent of the Governor in Council. I do not think that this subsequent and last section is absolutely necessary.

Mr. Mutch: Would not the object of this last subsection be to a layman that the minister would be able to say with the consent of the Governor in Council that any certain person could assume the powers of the director? In other words, the director's powers could be—I do not say they would be—delegated without reference to the director at all. His alter ego might be someone else's choice of whom he would not approve.

The CHAIRMAN: I think that is the effect of it. It might be unfair to say that the minister could appoint somebody to act for the director without the director knowing anything about it. I think that section may go farther than is necessary.

Mr. GUNN: One of the things the Department of Justice had in mind was the fact that at the present time it is uncertain who might sign for the director—sign documents for the director in the case of his absence or illness or incapacity.

Mr. HARRIS: Surely you said the opposite when you said that the one thing retained by the director was his position as a corporation soul.

Mr. GUNN: That is true, but for the purpose of signing the manual act of signing—

Mr. HARRIS: The director, I take it, signs documents here and his regional supervisors will sign in the provinces. I take it that will not be changed under the section, because if he remains a corporation the minister cannot delegate authority to someone else to sign because the minister is not doing the signing in, say, Toronto; it is the director.

Mr. GUNN: I am forced to take a different view on that. I believe it is competent for the Governor in Council to appoint somebody to sign documents for and on behalf of the corporation soul.

Mr. HARRIS: Let me get this straight. Suppose an agreement of sale is being executed in the city of Toronto to-day, who signs for the director?

Mr. GUNN: I could not answer that.

Mr. MURCHISON: That agreement for sale is signed by my duly appointed nominee in Ottawa.

Mr. HARRIS: None of your powers are delegated except in an administrative way of administering the Act?

Mr. MURCHISON: We authorize field supervisors, we authorize district superintendents and regional supervisors to sign purchasing orders for the acquisition of chattels and things like that in the current routine of business, but the documentation of land and formal agreements or sale between the director and the veteran are signed and sealed by the director; but because of the great volume I have that authority vested in two or three officers to sign for me.

Mr. Ross: And those agreements from all over Canada must come to Ottawa to be signed?

Mr. MURCHISON: Yes.

Mr. HARRIS: If I understand the intention it is to vest in the minister all the authority you now have except that one in a general way—that is the one thing you are retaining. As a corporation you hold land and agreements of sale and that sort of thing, and therefore in as far as that duty is concerned I take it you are going to retain the authority to do the signing and that the deputies you appointed would retain the authority you have given them.

Mr. GUNN: Gentlemen, in my humble opinion it is absolutely unconstitutional to have a provision that the director may with the approval of the Governor in Council do certain things. Our whole basis of constitutional government hinges on the minister, the ministerial act, and here we are replacing the minister by a paid officer of the government. That is one of the main objections.

Mr. HARRIS: I am not arguing the point; I was aware of that years ago. My point is this: What duties are being retained? You made an exception in the first explanation. The minister was going to take over all the duties of the director under the Act except those dealing with his position as a corporation soul. What are those?

Mr. GUNN: Vesting and divesting the property; that is all.

The CHAIRMAN: Surely there is no interference with the qualification of veterans?

Mr. GUNN: The director would be subject to the minister's direction as set out in this first part of the amendment. The whole purpose is to bring the director within the ministerial authority completely. It is true, as Mr. Harris points out, that there is an exception there inasmuch as the director has the right to acquire and dispose of land. He is a conduit through which property passes through the administration.

Mr. GREEN: Are they powers of sufficient importance to require that they should be referred to the Governor in Council? Are they not matters that

should be settled right in the Department of Veterans Affairs? If that is the case, why not regularize the view of the director subject to the approval of the minister without reference to the cabinet?

Mr. GUNN: Apparently it was decided in the past that these were matters which ought to receive the consideration of the Governor in Council.

Mr. GREEN: What are they?

Mr. GUNN: The first one is the qualifications necessary in order to entitle veterans to the benefits or assistance or to any particular benefit or assistance under this Act; the manner in which applications for purchase and sale may be made, the manner in and the dates at which amortized or other payments shall commence, be repaid, be consolidated or be changed; the manner in and conditions upon which veterans may transfer their rights; the conditions subject to which land may be acquired for the purposes of this Act; the manner in which lands acquired by the director may be sold to veterans and others and the conditions as to occupation or otherwise upon which such lands may be sold; forms of agreements, notices and other documents necessary to the effective operation of this Act; the circumstances and procedure under which and whereby the director may take over or repossess property in case of default made by veterans in the observance of the provisions of this Act or of any other covenant or agreement made by veterans with the director; authority and procedure for the inclusion within the expression "veteran" of persons, who being otherwise qualified to be veterans are not yet discharged from military or other service; with respect to any other matter concerning which the director deems regulations necessary for the execution of the purposes of this Act.

Mr. GREEN: That is not the section we are referring to at all; it has to do with appointing substitutes.

Mr. GUNN: Oh, yes, my remarks are apropos of the appropriate use of the word "director", to the proper and principal use of the expression with regard to these general regulations. Now, Mr. Green points out that he wants us to consider the other section: "The Director may, with the approval of the Governor in Council, make regulations authorizing persons named herein to exercise or perform with respect to such matters as may be specified therein any of the powers or duties conferred or imposed by this Act on the Director."

Mr. GREEN: Why does that have to go to the cabinet—the regulations dealing with the last?

The CHAIRMAN: Because section 5 sets out the corporate powers of the director, and for the purpose of acquiring and holding land and so forth he is a corporation soul. All conveyances from the director constitute new titles; and all property acquired is vested in the director. The director shall have a seal. All documents which require execution by the Director in his corporate capacity shall be deemed validly executed if the said seal is affixed and the name of the Director is signed thereto, the whole in the presence of one other person who has subscribed his name as witness . . . and so on. Land is deemed to be held by the director as a corporation soul. The effect of this amendment would be that the Governor in Council could appoint somebody to perform the duties of the director under this section. In other words, it seems to me that by that very section you change the effect of section 5 which sets up the director as a corporation soul, because you say the Governor in Council may appoint somebody else to perform all his duties under the Act.

Mr. Ross: Would you read us the submission from the Legion? This, apparently, is a contentious matter in some areas, and I should like to hear the submission.

The CHAIRMAN: I think the idea of the committee was that in the performance of his duties the director should be under the direction of the minister.

Mr. LENNARD: Absolutely. There is only one way of running a business.

The CHAIRMAN: But in regard to his duties as to holding land and the rest of it his rights as a corporation soul would not be taken away; but section 4 (1) says this: "Such officers, instructors, clerks, stenographers and other employees as may be required for the purposes of this Act shall be appointed or employed in the manner authorized by law. (2) All such appointees shall perform such duties and functions as the Director may prescribe." That gives him full control over his department in regard to administration. That is not being amended. Now, as I see it, one thing that might be doubtful about carrying out some of the things the committee had in mind is this: it means that apparently you could have somebody appointed by the Governor in Council to perform the functions and the duties of the director.

Mr. LENNARD: I do not think there is any doubt about it at all. There is only one way of running a business; in my opinion the director should take his direction from the minister. If the Governor in Council wishes to do something in the matter it should be done through the minister.

The CHAIRMAN: I will read this submission so that you will know the Legion's position.

THE CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

OTTAWA, July 23, 1946

W. A. TUCKER, ESQ., M.P.,
Chairman;
Special Committee on Veterans Affairs,
House of Commons,
Ottawa.

DEAR MR. TUCKER:—

We were rather disturbed during the discussions of the War Veterans' Allowance Act when reference was made to the status of the Director of The Veterans' Land Act. Apparently consideration is being given to bringing this administration more directly under the control of the Department of Veterans Affairs and to reduce the status of the Director so that he will no longer have direct access to the Minister and apparently will be denied the power to formulate regulations.

The Legion believes that this administration should be given the utmost freedom possible. From the veterans' point of view this administration is the only government agency through which they can acquire land and a home on more advantageous terms than civilians. The small holding feature particularly appeals to veterans and any action taken that would tend to curb in any way the development of this phase of veteran settlement would be resented.

The nature of the business conducted by the Veterans' Land Act administration warrants the continuance of the degree of administrative freedom under the Minister now in effect. If the aggressive administrative policy that has been pursued, to the advantage of veterans, in the matter of acquiring land for small holdings and the building of houses thereon, has brought criticism and is one of the reasons for the suggested change in status, then we would urge that no such change be made, at this time.

Yours sincerely,

(Sgd.) J. C. G. HERWIG,
General Secretary.

That is the submission of the Legion on this matter.

Mr. Ross: Is the minister's authority in any way cramped by the present set-up? This is a democratic country, and if we as members of parliament want to have something straightened out our appeal is to the minister, not to somebody else. We have to go to the minister to get our grievances looked after under the present set-up. As regards the Legion's brief, I agree that we want the department to function in the rehabilitation of these veterans as fast and as reasonably well as possible. Is it true that the minister or the department are in any way hampered under the present organization?

Mr. HARRIS: Mr. Chairman, may I relieve your embarrassment? As I understand the present Act it reads that the director is responsible to the Governor in Council—

Mr. MURCHISON: He is responsible to the minister.

Mr. HARRIS: I stand corrected. I was under the impression that you make recommendations to the Governor in Council.

The CHAIRMAN: You have the right to take the initiative in formulating regulations.

Mr. MURCHISON: Subject to the approval of the minister. They channel through the Governor in Council to the minister.

Mr. BENTLEY: Why could not the whole matter be settled this way? If the desire is to bring the director completely under the control of the minister, as you say, then section 3, paragraph (1), could read this way: "The Minister, with the approval of the Governor in Council, may appoint an officer to be known as the Director of the Land Settlement Act who shall be responsible only to the Minister."

The CHAIRMAN: I think that is the effect of this amendment.

Mr. BENTLEY: Why not make it read that way?

The CHAIRMAN: "The Governor in Council may appoint an officer to be known as the Director, the Veterans' Land Act, who shall be responsible to the Minister and shall be paid such salary as may be fixed by the Governor in Council". Now, the really effective change is this, that section 3 (1) of the Act says: "The Governor in Council may appoint an officer to be known as the Director who shall be responsible only to the Minister." Now, the idea of that is this. It says "only to the Minister." Now that "only" is left out in the proposed amendment, and then it goes on to say that he shall have the rank and standing of a deputy head, and that is left out.

Mr. BENTLEY: That is left out of the amendment?

The CHAIRMAN: Yes.

Mr. BENTLEY: I understood that it simply struck out "only". That is what Mr. Gunn said.

The CHAIRMAN: Mr. Gunn was interrupted. Let me put that carefully to you again. The first change is that the Governor in Council appoints the director who shall be responsible to the minister, and in the Act it says "shall be responsible only to the minister and shall have the rank and standing of a deputy head." That is struck out, and the word "only" is struck out. So it says that the director is appointed and is responsible to the minister, and then it goes on to say, to make everything clear, that the Veterans' Land Act administration shall be part of the Department of Veterans Affairs. This Act shall be administered by the minister, and the powers and duties conferred and imposed by this Act on the director shall be exercised and performed subject to the direction of the minister. That brings the director under the minister and it brings him also under, without saying so, the direction of the deputy minister. That is not so to-day; there is no question about that, because he is responsible only to the minister to-day and to no one else, and he has the rank and standing of a deputy minister. Now, that is the object of the first subsection.

The second amendment has this effect: under section 37 of the Act the power of initiating regulations now lies with the director. "The director may, with the approval of the Governor in Council make regulations prescribing." In other words, if he does not want to make a regulation nothing can be done about it. Now, in the amendment the power of initiative is given to the minister. Instead of "the director may, with the approval of the Governor in Council, make regulations. . ." it says "the minister may, with the approval of the Governor in Council, make regulations. . ." It simply says that the initiative is transferred from the director to the minister, and there cannot be much objection to that, because he only is responsible to parliament.

Then we come to the last section which we wrote into the Act last year which says: "The director may, with the approval of the Governor in Council, make regulations authorizing persons named therein to exercise or perform with respect to such matter as may be specified therein any of the powers or duties conferred or imposed by this Act on the director." It gives the director, with the approval of the Governor in Council, the right to appoint somebody else to perform his duties. If the proposed amendment were passed, it seems clear to me that the minister, with the approval of the Governor in Council, could confer all the powers and so on of the director on somebody else altogether. In other words, another person actually could have all the powers of the director. I do not think, let me say, to carry out the wishes of the committee it ever was intended that there should be power given in effect to two or three directors or, perhaps, have somebody else, other than the director, have all the powers of the director. I believe the idea of the committee was that the director should be left with the right to exercise all his powers that he had before, under the control of the minister and the deputy minister, and the right of initiating regulations should be given to the minister. I think that this last power is not necessary because if the director is under the control of the minister then, of course, if it is desired to have somebody else exercise his powers in any particular respect or in any particular region the minister can direct him to delegate those powers with the approval of the Governor in Council. It seems to me that that last clause is not necessary, Mr. Gunn. You see if you appoint the director a corporation soul with the right to sign documents and hold land that this gives the right to the minister, with the approval of the Governor in Council, to appoint another person altogether to have the same rights.

MR. GUNN: Mr. Chairman, I was not consulted with regard to this 3 (1) (a) at the time it was introduced last fall. If I had been I would then have pointed out, as I do now, that it leaves the initiative with the director, and again I submit that this is not quite properly in line with our theory of responsible government. There is no reflection on the present incumbent, but next year or ten years from now there might be some officer who might prove balky.

THE CHAIRMAN: You mean an official who would not delegate authority when the minister and the Governor in Council thought he should?

MR. GUNN: That is right.

THE CHAIRMAN: Well, we have the whole matter in front of us. The first thing is to take away the rank and standing of a deputy minister; then the next thing is to take away the provision that he is responsible only to the minister; and the second item gives the initiative to the minister to make regulations rather than leave that with the director; and the third point has to do with appointing people to do his work for him.

MR. PEARKES: Mr. Chairman, with regard to the first point, and in language which we all understand, may I say that if the present director is to remain in his office he is being offered an Irishman's promotion; there is no question about that. His responsibility is being reduced and his power and authority are being curtailed. Now, that is the reward that a public servant is receiving after

a great many years of service in his particular work and after he has borne the burden of the administration of this Act, particularly during the heavy years of this new Act which is being brought in; and I believe that this committee should know why it is necessary to reduce, to demote this efficient public servant at this particular time, particularly, as it seems to me, if by so doing you are restricting the freedom of whomever is the director because he will not have—it appears to me he will not have—access to his minister; he will have to go to the deputy minister in order to approach his minister. Heretofore the director of the Veterans' Land Act has had a direct approach, I believe, to the minister and he has had the rank of a deputy minister. Whether he has had the direct approach or not, the fact that he is reduced in status will not give him the same power with his minister as he would have if he had the status of a deputy minister.

The CHAIRMAN: You will recall that this suggestion came from the committee itself, and as far as the minister is concerned, I am authorized to state to you that he is ready to be guided by the wishes of this committee in this particular matter. This suggestion came from the committee—the suggestion that there should be one head of the department, and that that was the business-like way of handling things. The question arose when we were considering the War Veterans' Allowance Act. There seemed to be the feeling in the committee that this change should be made, and several members asked why it was not made. Now, this suggestion is before the committee and it makes the change, and the committee can make any recommendation in the matter which it sees fit to make.

Mr. PEARKES: Is this to apply to other officials in the same position? Is the chairman of the Pension Board, who is also, I believe, in the position of a deputy minister, going to be reduced?

The CHAIRMAN: The committee has never suggested that.

Mr. PEARKES: What is fair for the goose is fair for the gander.

Mr. LENNARD: As far as I am concerned, may I say that I spoke on the matter several weeks ago, and that was my intention. I have no axe to grind with the director in any way to-day; it is the system I am attacking, and not the man at all.

Mr. GREEN: Could we hear Mr. Murchison?

The CHAIRMAN: May I deal with that point in connection with the Pension Commission? They have been given full powers to deal with matters concerning allowances and the award of pension without any interference from anybody. The same powers have been given to the War Veterans' Allowance Board in regard to carrying out their duties. I believe that all the soldier organizations would say that they did not want these boards interfered with in any way or in any way brought under the control of the minister in the carrying out of the powers conferred upon them by parliament. In this suggestion of the Legion there is opposition to the powers of the director being curtailed in the way suggested.

Mr. PEARKES: I cannot help feeling that if it is sound administration in one case it is sound administration in the other, and if it is not sound administration to apply this to the chairman of the Pension Board—there is nothing personal about this because the chairman is a great personal friend of mine, and I am simply saying what seems to me to be fair—why do it at all? There are three equal departments and why should one of these be singled out where the director is to be demoted and his freedom is to be restricted while in these other cases this is not done?

Mr. GREEN: Was there not a change made with regard to the War Veterans' Allowance Board the other day?

The CHAIRMAN: It was suggested that we should say in the draft bill that the head of the War Services Allowance Board should have the rank and

standing of a deputy minister; he has not got that standing now. We declined to pass that. Then the question concerning Mr. Murchison came up and we have put off dealing with this matter until Mr. Murchison could be here. If the committee wishes to hear Mr. Murchison he may speak on this matter.

MR. MURCHISON: Mr. Chairman and gentlemen, I trust you realize I find myself in a rather invidious position in discussing a matter of this kind. When I think back over the past twenty-four or twenty-five years of service in the employ of the dominion government and of the wide range of responsibility which it has been my duty to undertake from time to time, I feel that I am entitled to express an opinion on this particular point.

Perhaps it may not be within the knowledge of all the members of this committee that the director of soldier settlement and the director of the Veterans' Land Act are one and the same person and that he also shoulders a great many other responsibilities and duties in Canada. I endeavoured to get away from some of these additional duties when the Veterans' Land Act was brought into force in 1942, but without success, and these duties were continued at the direct request of the Treasury Board. There is a very wide range of services performed for, say, the Canadian Pension Commission and the War Veterans' Allowance Board. We organized a reporting service for the dependents of the War Veterans' Allowance Board in all rural areas throughout the country with 1,400 of a staff concentrated on that particular work alone. It was also part of my responsibility to serve as a member of a board of review which adjudicates the matters within the Prairie Farm Assistance Act. During these last couple of years I have not been particularly active on them, but I am still the official representative of the Minister of Finance on that board of review. I am also responsible for a wide range of appraisal services. The staff of the director is designated as the official appraisal agency for the operation of the Farmers' Creditors Arrangement Act in western Canada. Prior to that it was the main appraisal agency for that Act throughout the dominion. Naturally, tremendous debt adjustments were worked out. I think, probably, I was to some degree instrumental in establishing standards of farm values in 1938 which made that Act really effective in the most hard hit areas of western Canada. During the war, too, we were entrusted with some major responsibilities for the Department of National Defence, such as acquiring large areas of land required for their use. I might mention in passing, too, that I was appointed as the fiscal agent of the dominion government in connection with the purchase of land required for the construction of the Alaska Highway. I mention these things to indicate the large range of responsibility that has been thrust upon me since I have been associated with this work in Ottawa.

Now, as to the proposal that the Act be amended to abolish my status as a deputy head, I have no comment to make on that as it would be highly improper for me as administrator to pass any comment. I think that the amendment as drafted is a little redundant here and there. I believe that the purpose in mind would be served if the amendment were to read:—

The Governor in Council may appoint an officer to be known as "The Director. The Veterans' Land Act" (in this Act referred to as "the Director") who shall be responsible to the minister and be paid such salary as may be fixed by the Governor in Council.

"The powers and duties conferred or imposed by this Act on the director shall be exercised or performed subject to the direction of the minister." I think it is a misnomer to say that the minister shall administer the Act. Ministers do not administer Acts; there are executive officers appointed to administer Acts subject to the control of the minister, and for that reason I suggest that the wording used there, "This Act shall be administered by the minister and the powers and duties conferred or imposed by this Act on the director shall be exercised or performed subject to the direction of the minister," could be shortened to

read, "That the powers and duties conferred or imposed by this Act on the director shall be exercised or performed subject to the direction of the minister."

As a matter of fact, that is the way it is done now.

The only other point is that which changes the status of the director. I have no comment to make on that part of the amendment which deals with regulations. I can see no difficulty there with the exception of the last part which says, "The minister may with the approval of the Governor in Council make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the director."

I suggest to you, Mr. Chairman, that there has been rather too much importance attached to that amendment which was brought in in 1945. It arose from the situation which existed at that time, resulting from representations made by the Treasury Department, that under the Act as it was at that time the director, to validate any transaction, must personally sign it. It does not matter whether it was buying a washing machine or a farm; all requests had to be signed by the director. That was a hopeless situation, and action was taken, with the approval of the Governor in Council, to appoint or to nominate other officers of the department to sign documents which otherwise had to be signed by the director, otherwise it would have been impossible for the director to sign all those documents.

I do not believe I have anything further to say. I am placed in a rather invidious position, as I said before, in talking on a matter which concerns me personally. All I can say is that the position has been pretty well explained. There seems to be some difference of views, and I prefer that any decision that the committee may reach on this matter should be reached during my absence, and for that reason I shall withdraw.

Mr. GREEN: May I ask a question about the third amendment? Would any objection be made if we changed that to make it provide that you could make regulations for those signatories, subject to the approval of the minister?

Mr. MURCHISON: Of course, in actual practice it must be approved by the minister because it channels through the Governor in Council to the minister. That is my only approach.

Mr. GREEN: You do cut out the approval of the Governor in Council.

Mr. MURCHISON: I do not think the Governor in Council would care to concede that change. In a matter of such importance as signing security documents and things like that I rather fancy the Governor in Council would prefer to retain that control.

Mr. JUTRAS: I think I may say that nobody in this committee has anything against the director; we all agree on that. The only wish of the committee is to see that the director comes directly under the minister. I think it has been brought out that the director at the present time actually comes under the jurisdiction of the minister in every point, and I believe we are wasting a lot of valuable time.

Mr. CRUICKSHANK: I wanted to speak in the House this afternoon and do something good for the farmers, but I came up here and had to listen all afternoon to a legal tangle. We are friends of Mr. Murchison. The man is worked to death. He has had to take a rest because he has been overworked. Let us put this matter to a vote and do away with all this legal tangle. We should be settling our population on farms and not have legal arguments about the details.

Mr. ROSS: This question was raised by the minister on Thursday, July 11, at page 1,325 of the reports of this committee. It appears rather confused here,

but we were talking about the Veterans' Land Act director having the rank of a deputy minister, and the minister says: "I wonder if I could say a word about it in a personal way, not as a minister? The question of the appointment of a deputy minister rests entirely with the Prime Minister of the day; and we have gone pretty far—perhaps too far—in our veterans' legislation. When you are Minister of Veterans Affairs, Mr. Quelch, you should have one man, one deputy, responsible to you for the whole department."

The CHAIRMAN: We shall have to rise now, but let us meet this evening at 9 o'clock.

—The committee adjourned to meet again at 9 o'clock p.m.

APPENDIX A

HOUSE OF COMMONS OF CANADA

BILL

An Act respecting loans to veterans to assist in their establishment in business or professionally.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

SHORT TITLE

1. This Act may be cited as the Veterans' Business and Professional Loans Act.

INTERPRETATION

2. In this Act unless the context otherwise requires,

- (a) "application" means application for a guaranteed loan that has been signed by the veteran making the application for the guaranteed loan;
- (b) "bank" means a bank incorporated by or under the provisions of the Bank Act;
- (c) "borrower" means a veteran to whom a guaranteed loan has been made;
- (d) "business" includes trade, industry, or profession;
- (e) "guaranteed loan" means a loan that complies with all the requirements of paragraphs (a) to (n) inclusive, of subsection one of section three of this Act;
- (f) "insurance" means insurance that a bank may carry to cover any loss sustained by it as the result of a guaranteed loan;
- (g) "Minister" means the Minister of Finance acting for or on behalf of His Majesty;
- (h) "prescribed" means prescribed by regulation;
- (i) "purchase of a business" includes the purchase of an interest in an existing partnership and the advance of capital for a new partnership, if the partnership business is to be the main occupation of the veteran and he intends to participate actively in that business;
- (j) "regulation" means a regulation made under this Act;
- (k) "veteran" means a person resident and domiciled in Canada who has received, or is entitled to a gratuity under The War Service Grants Act, 1944, and who has not elected to take benefits under The Veterans' Land Act, 1942.

GUARANTEED LOANS

3. (1) The Minister shall, subject to the provisions of this Act, pay to a bank, the amount of loss sustained by it as a result of a loan made to a veteran in pursuance to an application by such veteran in any case where:

- (a) the application stated that the loan was required by the veteran for any of the following purposes:
 - (i) the purchase of a business;
 - (ii) the purchase or repair of machinery, tools, instruments or other equipment for his business;
 - (iii) the construction, repair or alteration of or making of additions to any building or structure used or to be used in the carrying on of his business;
 - (iv) any purpose as prescribed which may be deemed to benefit his business.
- (b) the application stated the purpose for which the proceeds of the loan were to be expended;
- (c) a responsible officer of the bank certified that he had scrutinized and checked the application for the loan with the care required of him by the bank in the conduct of its ordinary business;
- (d) the sum of the principal amount of loan, the amount of any loan applied for by the veteran and concurred in by the Minister and the amount of any guaranteed loan previously made to the veteran as disclosed in the application of the veteran or of which the bank had other knowledge did not exceed the sum of three thousand dollars;
- (e) the principal amount of the loan did not exceed two-thirds of the proposed total expenditure by the veteran for the purpose stated in the application;
- (f) the loan was repayable in full by the terms thereof in not more than ten years;
- (g) the rate of interest charged by the bank on the loan did not exceed five per centum per annum simple interest so long as the veteran was not in default on the loan;
- (h) no fee, service charge or charge of any kind other than interest, except such charge for insurance as may be authorized by the regulations, was, by the terms of the loan, payable to the bank in respect of the loan so long as the veteran was not in default on the loan;
- (i) the application for the loan was concurred in by the Minister of Veterans Affairs or his authorized representative as defined by the regulations before the loan was made;
- (j) repayment of the loan was secured in such manner as may be prescribed;
- (k) the application was in the form prescribed;
- (l) the loan was made on such terms and in accordance with such provisions in addition to those specified in the preceding paragraphs as may be prescribed;
- (m) the loan was made within five years after commencement of this Act;
- (n) the loan was made on a date prior to the termination of the liability of the Minister in the manner set out in subsections (1) and (2) of section 5 of this Act.

(2) Concurrence in the application by the Minister of Veterans Affairs or his authorized representative as defined by the regulations is conclusive evidence that the applicant for the guaranteed loan is a veteran.

4. His Majesty is bound by this Act.

5. (1) The Minister may, by notice in writing to the head office of a bank, terminate his liability to such bank under this Act with respect to loans made by such bank after a date not less than fourteen days following the date of dispatch of such notice in any case where:

- (a) the aggregate principal amount of guaranteed loans made by all banks has reached twenty-five million dollars; or
 - (b) the prior approval of the Governor in Council has been obtained.
- (2) The notice in writing referred to in subsection one of this section, shall take the form either of a telegram or a registered letter and shall contain:
- (a) the authority for terminating the Minister's liability with respect to loans made by the bank receiving such notice in writing; and
 - (b) the date from which the termination of the Minister's liability with respect to loans made by such bank is to take effect.
- (3) This section does not relieve the Minister of any liability imposed on him under this Act in respect of any guaranteed loan made by a bank before the Minister has terminated his liability with respect to loans made by such bank in the manner set out in subsections two and three of this section.

6. (1) Where the aggregate principal amount of guaranteed loans made by a bank does not exceed one million dollars the Minister is not liable to pay to such bank a total amount in excess of twenty-five per centum of such aggregate principal amount of guaranteed loans regardless of whether or not any portion of such aggregate principal amount of guaranteed loans has been recovered.

(2) Where the aggregate principal amount of guaranteed loans made by a bank exceeds one million dollars the Minister is not liable to pay to such bank

- (a) an amount in excess of twenty-five per centum of the portion of such aggregate principal amount of guaranteed loans that does not exceed one million dollars regardless of whether or not any portion of such aggregate principal amount of guaranteed loans has been recovered, and
- (b) an amount in excess of fifteen per centum of the amount by which such aggregate principal amount of guaranteed loans exceeds one million dollars regardless of whether or not any portion of such aggregate principal amount of guaranteed loans has been recovered.

REGULATIONS

7. (1) The Governor in Council may on the recommendation of the Minister and the Minister of Veterans Affairs make regulations for any purpose for which regulations are contemplated by this Act and generally for carrying the purposes and provisions of this Act into effect and without restricting the generality of the foregoing may make regulations

- (a) to define for the purposes of this Act the following expressions:
 - (i) "responsible officer of the bank",
 - (ii) "authorized representative of the Minister of Veterans Affairs";
- (b) to prescribe a form of application;
- (c) to prescribe any purpose in addition to the purposes mentioned in section three (1) (b) (i), (ii) and (iii) of this Act which may be deemed to benefit a veteran's business;
- (d) to prescribe the security, if any, to be taken by the bank for the repayment of any guaranteed loan;
- (e) to prescribe the terms of repayment and other terms not inconsistent with this Act upon which guaranteed loans are to be made;
- (f) to prescribe the amount of the fee which may be charged for insurance;
- (g) to prescribe the forms of receipts and other documents to be used in connection with the guaranteed loans or for the effective operation of this Act;

- (h) to provide, notwithstanding anything to the contrary contained in this Act, that in the event of an impending default in the repayment of a guaranteed loan the bank may with the approval of the borrower authorize or revise any of the terms of the guaranteed loan or any document connected therewith so long as any such authorization or revision does not increase the rate of interest as specified in paragraph (g) of subsection (1) of section 3, of this Act;
 - (i) to provide, notwithstanding anything contrary contained in this Act, that in the event of an actual default in the repayment of a guaranteed loan the bank may with the approval of the borrower revise any of the terms of the guaranteed loan or any document connected therewith;
 - (j) to prescribe in the event of default in the repayment of a guaranteed loan, the legal or other measures to be taken by the bank and the procedure to be followed for the collection of the amount of the loan outstanding, the disposal or realization of any security for the repayment thereof held by the said bank and the rate of interest to be charged on overdue payments;
 - (k) to prescribe the method of determination of the amount of loss sustained by a bank as a result of a guaranteed loan and the procedure to be followed by a bank in making a claim for loss sustained by it in respect of a guaranteed loan;
 - (l) to prescribe the steps to be taken by a bank to effect collection on behalf of the Minister of any guaranteed loan in respect of which payment has been made by the Minister to the bank under this Act, and to provide that on failure by the said bank to take such steps the amount of such payment may be recovered by the Minister;
 - (m) to require reports to be made periodically to the Minister by a bank in respect of guaranteed loans.
- (2) Where any of the terms of a guaranteed loan or any document connected therewith have been altered or revised under paragraphs (h) and (i) of subsection one of this section such alteration or revision shall not discharge the liability of the Minister in respect of such guaranteed loan.

(3) A regulation shall be effective when published in the *Canada Gazette* and thereafter shall have the same force and effect as if it had been enacted in this Act.

SPECIAL POWERS OF BANK

8. (1) Notwithstanding anything contained in the Bank Act or any other statute, if a bank makes a guaranteed loan in respect of which it is required by regulation to take security on real or immovable property, the bank may at the time of making such loan take as security for the repayment thereof and the payment of interest thereon,

- (a) a mortgage or hypothec upon the real or immovable property in respect of which all or part of the proceeds of the guaranteed loan are to be expended;
- (b) as assignment of the rights and interest of a purchaser under an agreement for sale of the real or immovable property in respect of which all or part of the proceeds of the guaranteed loan are to be expended.

(2) A bank shall have and may exercise, in respect of any mortgage, hypothec or assignment taken under this section and the real or immovable property affected thereby, all rights and powers that it would have or might exercise if such mortgage, hypothec or assignment had been taken by the bank by way of additional security under the Bank Act.

OFFENCES

9. (1) Any person who makes a statement in an application that is false in any material respect, or who uses the proceeds of a guaranteed loan for a purpose other than that stated in his application, is guilty of an offence under this section and is liable on summary conviction to a fine of not more than five hundred dollars.

(2) When any person is convicted of an offence under this section, there shall be imposed on him, in addition to any fine or imprisonment, a penalty equal to such amount of the guaranteed loan made to him in respect of which such offence was committed as has not been repaid by him, with interest thereon to the date of payment of such penalty, and such penalty shall be paid to the bank by which the guaranteed loan was made, or if payment has been made by the Minister to the said bank in respect of the guaranteed loan, the said penalty shall be paid to the Receiver General of Canada and such payment to the bank or the Receiver General shall discharge the liability of such person to repay the loan.

GENERAL

10. (1) Where payment is made by the Minister to a bank under this Act in respect of any loss sustained by the bank as a result of a guaranteed loan, the bank shall execute a receipt in favour of the Minister in such form as may be prescribed, and the Minister shall thereupon be subrogated in and to all rights of the bank in respect of the guaranteed loan and, without limiting the generality of the foregoing, all rights and powers of the bank in respect of the guaranteed loan, and in respect of any judgment in respect thereof obtained by the bank, and in respect of any security taken by the bank for the repayment thereof, shall thereupon be vested in the Minister, and the Minister shall be entitled to exercise all the rights, powers and privileges which the bank had or might exercise in respect of such loan, judgment or security, and to commence or continue any action or proceeding in respect thereof, and to execute any documents necessary by way of release, transfer, sale or assignment thereof, or in any way to realize thereon.

(2) Any document purporting to be a receipt in the prescribed form and purporting to be signed on behalf of the bank shall be evidence of the payment by the Minister to the bank under this Act in respect of the guaranteed loan therein mentioned and of the execution of such document on behalf of the bank.

11. The Minister may pay any amount payable to a bank under this Act out of unappropriated moneys in the Consolidated Revenue Fund and the Minister and the Minister of Veterans Affairs may pay any amount necessary to meet the expenses incurred in the administration of this Act out of moneys appropriated by Parliament for the purpose.

12. The Minister shall, as soon as possible after the thirty-first day of March in each year, and in any event within three months thereof prepare a report with regard to the administration of this Act during the twelve-month period ending on the thirty-first day of March and the Minister shall lay the said report, together with any regulations made pursuant to this Act during the past fiscal year, before Parliament, if Parliament is then in session, or within fifteen days of the next session of Parliament.

13. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

APPENDIX B

THE CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

DOMINION COMMAND

OTTAWA, CANADA

July 23, 1946.

Mr. W. A. TUCKER, M.P.,
Chairman,
Special Committee on Veterans Affairs,
House of Commons,
Ottawa.

DEAR MR. TUCKER:—

I am enclosing two copies of a Memorandum regarding the rehabilitation of Auxiliary Services Supervisors who served in Canada only, in amplification of my previous letter.

We believe that the requests we are making are reasonable and would not involve any large expenditures. Recommendation No. 3 particularly, if concurred in, would provide small cash retiring allowances to men who left civil life to perform war work under military discipline, even though not in an enlisted capacity.

Yours sincerely,

J. C. G. HERWIG,
General Secretary.

IGM.
Enclosure 2.

REHABILITATION OF AUXILIARY SUPERVISORS WHO SERVED IN CANADA

Supervisors of Auxiliary Services Organizations, who served in Canada, performed similar services in Canadian Military Camps to those performed by Supervisors overseas and on their behalf the Legion desires to present the following data for the consideration of the Committee. It deals mainly with Canadian Legion War Services Supervisors, although there are supervisors in other organizations who performed similar services under similar conditions:—

1. Canadian Legion Supervisors were employed by the Canadian Legion War Services to carry out work in honouring the agreement with the Department of National Defence to provide Auxiliary Services to the Armed Services in Canada, such as Education, Sports, Canteen Services and Personal Services.
2. Supervisors for C.L.W.S. were all veterans of the war of 1914-18 or of the present war and were engaged to serve for the duration.
3. In the early days supervisors were not medically examined before engagement, but in 1943 P.C. 85-8366 required that supervisors serving in Canada "shall have been medically boarded and shall be given medical categories "A", "B" and "C", or be allotted Pulhems Profile not lower than the following:

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4. The duties of supervisors required them to work long hours and the tendency was to overwork because of the nature of the services rendered and the desire to meet all the demands made upon them.
5. Supervisors in Canada were not paid by the Armed Forces but received modest salaries, controlled by a Budget Board set up under the Department of War Services, that would be about 50 per cent of the pay and allowances received by the supervisors overseas.
6. In 1941 the need for granting hospitalization to supervisors in Canada was recognized by Order in Council permitting treatment to be given by Military Authorities.
7. Supervisors in Canada received no protection in the way of insurance against injury, sickness or unemployment, but were released from their jobs on seven days' notice.

It should be realized that, upon termination of services to Military Forces, rehabilitation into civil life is equally necessary for supervisors as for any member of the Armed Forces, yet notwithstanding repeated requests for a retiring allowance this was refused by the Budget Committee controlling expenditures of the Auxiliary Services Organizations. These men wore uniforms and were under the same necessity to purchase civilian clothing and generally outfit themselves for civil life.

This personnel, with long service to the Military Forces to their credit, feel that they should be entitled to some consideration in the way of a retirement allowance or gratuity to assist them to reinstate themselves in civil life. It is true that the break from civilian occupation was just as clear-cut as if they had enlisted in the Armed Forces. Many of them volunteered in the hope of becoming Overseas Supervisors, but for various reasons were not selected. Nevertheless they suffered as much hazard in the performance of their duties as a large proportion of the Armed Services who served in Canada only and are entitled to some consideration. The Legion, of course, has no funds to provide their supervisors with financial assistance to become rehabilitated. In view of the manner in which the funds to carry on their work have been provided and controlled, we believe a legitimate retirement claim exists and we have no recourse but to seek such assistance from the government and the Parliament of Canada.

In its report the Sub-Committee has recommended pension, treatment and replacement training for a certain group of civilian workers and we feel that Auxiliary Supervisors, who served in Canada only, should be included in this group.

It is presumed that it was the intention to recommend a change in the Pension Act to include such persons since there is at present no provision for them.

Attached is a list of all the recorded cases of sickness and death occurring among C.L.W.S. staff during the war. A glance at the list will show that the death cases are 9 in number. Of these, 4 have no dependents, leaving 5 possible claims for pensions for dependents. Of the remaining 6 cases, one suffered injury as a result of an accident while on duty, while the others suffered from conditions that might conceivably be due to service or aggravated thereby.

RECOMMENDATIONS

1. That pension be awarded to widows, whose husbands died while serving as Supervisors.
2. That widows, whose husbands died subsequently to discharge, be made eligible for War Veterans' Allowance.

3. That a retiring allowance be paid to employees of Auxiliary Services Organizations desiring to assist in rehabilitating their staffs, the payments to be made from their individual Trust Funds now accumulated as a result of the sale of property and surplus supplies either owned by or under the control of the Auxiliary Services Organizations.

In explanation of the latter recommendation all Auxiliary Services Organizations in the winding up of their war effort have been disposing of material and property that ordinarily would be declared surplus assets, under a directive of the Department of War Services, that moneys so acquired should be put in a Trust Fund for later disposal. All organizations acquired property and goods as a result of funds raised from the public by their own efforts and it is now extremely difficult to separate what was purchased by Government financing, and the Legion feels that the Parliamentary Committee could properly recommend that any Auxiliary Organization, desiring to assist its staff, be permitted to dispose of their Trust Fund in this way.

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*Canada Veterans Affairs
Spec Comm 1946*

SESSION 1946

HOUSE OF COMMONS

(SPECIAL COMMITTEE)

(ON)

VETERANS AFFAIRS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 51

INCLUDING FINAL REPORT TO THE HOUSE

WEDNESDAY, JULY 24, 1946

THURSDAY, JULY 25, 1946

WITNESSES:

Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs;

Mr. D. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946



REPORTS TO THE HOUSE

WEDNESDAY, July 24, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTY-FOURTH REPORT

Your Committee recommends that the Government consider the advisability of introducing a bill to amend The Veterans' Land Act, 1942. A draft of the bill proposed by your Committee is appended hereto.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

DRAFT OF A PROPOSED BILL

An Act to amend The Veterans' Land Act, 1942

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section three of The Veterans' Land Act, 1942, chapter thirty-three of the statutes of 1942-43, is repealed and the following substituted therefor:

3. (1) The Governor in Council may appoint an officer to be known as "The Director, The Veterans' Land Act" (in this Act referred to as "the Director") who shall be responsible to the Minister and be paid such salary as may be fixed by the Governor in Council.

(2) This Act shall be administered by the Minister and the powers and duties conferred or imposed by this Act on the Director shall be exercised or performed subject to the direction of the Minister.

2. Paragraph (h) of subsection one of section nine of the said Act is repealed.

3. The said section nine is further amended by adding thereto the following subsections:—

"(3) Notwithstanding the provisions of subsection one of this section and subject otherwise to the provisions of this Act and the regulations made thereunder, the Director may contract with a veteran certified by him to be qualified to participate in the benefits of this Act for the sale to such veterans of land and improvements thereon, building materials, live stock and farm equipment, up to a total cost to the Director of five thousand eight hundred dollars, but subject to the following conditions:—

- (a) that the cost to the Director of live stock and farm equipment shall not exceed the sum of three thousand dollars;
- (b) that the cost to the Director of land and improvements and building materials shall not exceed an amount by which the sum of five thousand eight hundred dollars exceeds the cost to the Director of live stock and farm equipment;
- (c) that the veteran has paid to the Director twenty per centum of the cost to the Director of the live stock and farm equipment and ten per centum of the cost to the Director of the land, improvements thereon and building materials;
- (d) that the sale price to a veteran of land, improvements and building materials and live stock and farm equipment, shall be, in addition to any sum paid by the veteran before contract made a sum equal to forty per cent of the cost to the Director of the live stock and farm equipment and fifty per cent of the cost to the Director of land, improvements thereon and building materials;
- (e) that the interest rate payable by a veteran shall be three and one-half per centum per annum;
- (f) that the balance of the purchase price payable by a veteran may be extended over a term not in excess of ten years for the payment of live stock and farm equipment and not in excess of twenty-five years for the payment of land and improvements thereon and building material;

(g) that live stock and farm equipment shall be sold under this subsection only to a veteran who at the time of such sale buys land from the Director or who occupies land under a rental or purchase agreement satisfactory to the Director, and the cost to the Director of such live stock and equipment shall not exceed forty per cent of

(i) the cost to the Director of the land, improvements and building materials sold to the said veteran; or

(ii) the value of the land occupied by a veteran under a rental or purchase agreement as estimated by the Director.

(4) In the case of any contract made between the Director and a veteran under subsection one or three of this section save upon payment in full to the Director of the total outstanding cost to the Director of the land, improvements, live stock and farm equipment together with interest at the said rate on the said outstanding cost and all other charges owing by the veteran in respect thereof, no sale, assignment, or other disposition of the subject-matter of a contract between a veteran and the Director shall be made by the veteran, nor shall a conveyance or transfer be given by the Director to a veteran during a period of ten years following the date of the relative contract and thereafter only if the veteran has complied with the terms of his agreement for the said ten-year period.

(5) Notwithstanding the provisions of subsection four of this section, in the case of any contract for the sale of live stock and equipment made between the Director and a veteran who occupies land under a rental or purchase agreement and who subsequently enters into a contract to buy land from the Director before the terms of the contract for the sale of live stock and equipment have been completely fulfilled, the Director shall not give a conveyance or transfer in respect of the said land or improvements thereon or building materials until the terms of the contract for the sale of the said live stock and equipment have been completely fulfilled.

(6) The Director shall not enter into a contract for the sale of land, improvements, building materials, live stock, farm equipment or commercial fishing equipment to a veteran who is in default in respect of any contract previously entered into under this Act."

4. Section twenty-three of the said Act is repealed and the following substituted therefor:—

"23. Save with the approval of the Minister loans or advances authorized by this Act shall not be made to persons who obtained loans or advances under the provisions of the *Soldier Settlement Act*, and who are indebted to the Director of Soldier Settlement."

5. (1) The part of subsection one of section thirty-seven of the said Act that precedes paragraph (a) thereof is repealed and the following substituted therefor:

"37. (1) The Governor in Council may, subject to the provisions of this Act, make regulations prescribing:"

(2) Paragraph (j) of subsection one of section thirty-seven of the said Act is repealed and the following substituted therefor:

"(j) with respect to any other matter concerning which the Minister deems regulations necessary for the execution of the purposes of this Act."

(3) Subsection one A of section thirty-seven of the said Act is repealed and the following substituted therefor:

"(1A) The Director may with the approval of the Minister make regulations authorizing persons named therein to exercise or perform with respect to such matters as may be specified therein, any of the powers or duties conferred or imposed by this Act on the Director."

FRIDAY, July 26, 1946.

The Special Committee on Veterans Affairs begs leave to present the following as a

TWENTY-FIFTH AND FINAL REPORT

Pursuant to its Order of Reference, your Committee has examined all legislation passed since the beginning of World War II relating to the pensions, treatment and re-establishment of veterans and of other persons who engaged in activities closely related to the war. In respect to the latter, particular attention has been paid to the claims of those civilians whose duties took them overseas.

Immediately your Committee set to work it became apparent that if its task were to be completed during the present session it would be impossible to devote any time to individual claims or submissions advancing personal views. The Committee, therefore, decided that only those proposals which reflected the views of representative groups should be accepted for consideration. While this rule has been strictly followed, every submission made on behalf of any considerable number of persons, either veterans or civilians, has been carefully considered and no request for a hearing from any such group has been denied. The Committee has held 52 meetings and heard 57 witnesses, including representatives of veteran organizations, the Canadian Red Cross Society and other civilian organizations, of the armed services and the various departments concerned.

The following draft bills have been reported to the House, for the consideration of the Government, embodying the recommendations of the Committee:—

1. BILL: An Act respecting benefits for persons who served in the the Women's Royal Naval Services and the South African Military Nursing Service, known as Women's Royal Naval Services and the South African Military Nursing Service (Benefits) Act;
2. BILL: An Act to amend the Soldier Settlement Act;
3. BILL: An Act to amend The Veterans Rehabilitation Act;
4. BILL: An Act to amend The Veterans Rehabilitation Act (University grants);
5. BILL: An Act to amend the Pension Act;
6. BILL: An Act to amend The War Service Grants Act, 1944;
7. BILL: An Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas, known as Special Operators War Service Benefits Act;
8. BILL: An Act to provide for the Reinstatement in Civil Employment of discharged members of His Majesty's Forces and other designated classes of persons, known as The Reinstatement in Civil Employment Act, 1946;
9. BILL: An Act respecting loans to veterans to assist in their establishment in business or professionally, known as The Veterans Business and Professional Loans Act;
10. BILL: An Act respecting veterans of forces allied with Canada, known as The Allied Veterans Benefits Act;
11. BILL: An Act respecting allowances for war veterans and dependents, known as The War Veterans' Allowance Act, 1946;
12. BILL: An Act respecting civilian war pensions and allowances, known as The Civilian War Pensions and Allowances Act;
13. BILL: An Act to amend The Veterans' Land Act.

Your Committee has also reported the following recommendations to the House:—

1. That the period in which application may be made by soldier settlers reduction in the amount of their indebtedness to the Director, Soldier Settlement Act, under the provisions of Orders in Council P.C. 10472, dated November 19, 1942, and P.C. 191/6282, dated September 28, 1945, be extended to the first day of September, 1946;
2. That the Government give consideration to the introduction of a bill to amend The Veterans' Land Act, 1942, to provide that the total cost of all homes over six thousand dollars presently constructed or in actual process of construction under the Small Holdings Scheme be subsidized twenty-three and one-third per cent.
3. That the Government take the appropriate action to ensure that all departments and agencies of the Dominion Government comply fully with the provisions of the Reinstatement in Civil Employment Act;
4. That income tax be remitted in respect of detention allowances payable to merchant seamen under the provisions of Order in Council P.C. 12/4209 dated 12th June, 1941, as amended by P.C. 87/5204 dated 16th July, 1941;
5. That the Government consider the advisability of introducing a bill providing that:—
 1. the supervisors of the auxiliary services and fire fighters of the Corps of Canadian Fire Fighters dispatched overseas, and members of the Canadian Red Cross Society and St. John's Ambulance Brigade who served in an actual theatre of war, be accorded all benefits, pensions, rehabilitation rights and income tax exemption as members of the armed forces;
 2. the V.A.D.'s who served with the Canadian Army under the provisions of Order in Council P.C. 49/3546 of April 30, 1942, be granted
 - (a) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act, and
 - (b) if pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training;
 3. the orthopaedic nurses who were selected by the Canadian Red Cross Society for employment by the Scottish Ministry of Health be granted
 - (a) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act;
 - (b) if pensionable, eligibility for vocational training as provided for veterans, or equivalent educational training, and
 - (c) a gratuity of fifteen dollars for every thirty days of service in an actual theatre of war as defined in The War Service Grants Act, 1944; and that
 4. former civilian flying personnel of No. 45 Group, Ferry Command Royal Air Force, be granted
 - (a) vocational and educational training as for veterans;
 - (b) benefits under The Veterans' Land Act, 1942;
 - (c) a gratuity of fifteen dollars for every thirty days of service;
 - (d) a re-establishment credit of fifteen dollars for every thirty days of service;
 - (e) eligibility for Class III treatment as provided for veterans under the Veterans Affairs Act;

- (f) eligibility under The Veterans Insurance Act, and
 - (g) income tax exemption as great as that granted any other civilian group.
6. That the present civil service preference for disabled veterans and veterans who served overseas be extended to cover all employment, both temporary and permanent, by the House of Commons and by Dominion Government agencies, inclusive of Crown companies.

Your Committee further recommends:—

(1) That the Government consider the extension of priorities in the purchase of surplus war assets to veterans on certification by the Department of Veterans Affairs;

(2) That the Government consider the remission of income tax in respect of the earnings of Canadian War Correspondents while assigned to duty in an actual theatre of war.

Representations were also received on behalf of instructors in elementary training flying schools and air observer schools, the transport service of the North-west Field Force, 1885, the headquarters staff of the auxiliary services, civil security police and radio engineers. After careful consideration it was decided that no recommendation be made in respect to these groups.

In addition to the foregoing, a subcommittee was appointed to study a proposal presented to your Committee that the conditional grant under the provisions of The Veterans' Land Act be made available to veteran members of co-operative farm associations. The subcommittee heard representations from the Hon. John H. Sturdy, Minister of Reconstruction for the Province of Saskatchewan, and sought the advice of the Director, The Veterans' Land Act, Mr. G. A. Murchison. The Committee, while sympathetic to any suggestion which might contribute to the successful rehabilitation of veterans, was unable to find a solution to the administrative problems inherent in Mr. Sturdy's proposal, and concurred in the subcommittee's recommendation that the facilities offered under existing legislation for land settlement on a co-operative basis be further explored, and that the departmental officers continue negotiations with the Province in an endeavour to formulate some mutually satisfactory scheme.

Various proposals have been examined for extension or curtailment of the veteran preference for employment in the Civil Service. Your Committee does not recommend any change in the existing legislation at the present time.

Your Committee wishes to express its appreciation of the valuable assistance and co-operation given it by Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs; Brigadier J. L. Melville, C.B.E., M.C., Chairman, Canadian Pension Commission; Mr. C. H. Bland, C.M.G., Chairman, Civil Service Commission; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act; Col. F. J. G. Garneau, O.B.E., Chairman, War Veterans Allowance Board, and other departmental officers who have placed their experience and knowledge at the disposal of the Committee.

A copy of the minutes of proceedings and evidence of the Committee from June 10 to date is appended.

All of which is respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, July 24, 1946.

The Special Committee on Veterans Affairs met at 4.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Adamson, Baker, Belzile, Benidickson, Bentley, Brooks, Croll, Emmerson, Green, Harris (*Grey-Bruce*), Herridge, Jutras, Lennard, Macdonald (*Halifax*), McKay, Mutch, Pearkes, Power, Quelch, Ross (*Souris*), Tucker, Winkler.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs; Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act.

Mr. Murchison was called, made a statement regarding policy in respect to small holdings under The Veterans' Land Act, was mentioned therein and retired.

Mr. Mutch drew the attention of the Committee to a report of the Committee's proceedings relating to veteran preference for employment in the Civil Service published in the *Ottawa Journal*, and it was agreed that the Chairman take the first opportunity of rising on a question of privilege in the House, on behalf of the Committee, to correct certain errors contained therein.

At 5.45 o'clock p.m. the Committee adjourned until Thursday, July 25, at 4.00 o'clock p.m.

A. L. BURGESS,
Clerk of the Committee.

THURSDAY, July 25, 1946.

The Special Committee on Veterans Affairs met in camera at 4.00 o'clock p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Bentley, Blanchette, Brooks, Dion, Drope, Emmerson, Green, Harris (*Grey-Bruce*), Jutras, Lennard, Mackenzie, Macdonald (*Halifax*), MacNaught, Mutch, Quelch, Ross (*Souris*), Tucker, Winkler.

In attendance: Mr. W. S. Woods, C.M.G., Deputy Minister of Veterans Affairs.

The Chairman submitted a draft of the final report.

It was agreed that the recommendation contained in the twenty-third report, dated July 23, be amended to read:—

That the present civil service preference for disabled veterans who served overseas be extended to cover all employment, both temporary and permanent, by the House of Commons and by Dominion Government agencies, inclusive of Crown companies.

Various proposals were discussed for extension or curtailment of the veteran preference for employment in the Civil Service, and it was agreed that no change be recommended in the existing legislation at the present time.

It was agreed that the committee recommend that the government consider the remission of income tax in respect of the earnings of Canadian war correspondents while assigned to duty in an actual theatre of war.

The Chairman informed the committee that, in accordance with assurances given by Mr. Woods and himself to Messrs. Brooks and Pearkes at previous meetings, the draft bill respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas had been amended by deleting clause seven and substituting the following therefor:—

7. The Governor in Council may make regulations for carrying the purposes and provisions of this Act into effect and, in addition, may declare any other person, who has had war service of a kind comparable with that of a special operator, to be a special operator of whatever rank may be deemed proper for any or all of the purposes of this Act.

After discussion, the proposed amendment to the draft bill was approved.

By leave of the committee, Mr. Fulton withdrew his motion of June 20.—That this committee recommend that the Department of Veterans Affairs collect requirements of veterans in respect of machinery and equipment for their rehabilitation, and pass them on to War Assets Corporation with the full priority of a Department of the Dominion Government.

It was agreed that the committee recommend that the government consider the extension of priorities in the purchase of surplus war assets to veterans on certification by the Department of Veterans Affairs.

Mr. Bentley read a letter dated July 23, 1946, from the President, Canadian Non-Pensioned Veterans' Widows, which was ordered to be printed as *Appendix "A"* to this day's minutes of proceedings.

The Chairman reported that the clerk had received a letter dated July 25, 1946, from the Assistant National Commissioner, The Canadian Red Cross Society, reading, in part, as follows:—

My attention has been drawn to a statement made by Mr. Caudwell at the meeting, namely that the Red Cross girls received \$150.00 on discharge. At the time I was going to query this statement, but did not have the opportunity; however, since then, I have ascertained that this is not a fact. They do not receive this amount, but they do receive one month's allowance, namely, \$30.00.

It was agreed that the Chairman and Messrs. Green and Quelch comprise a subcommittee to prepare the final report, and the Chairman was ordered to submit such report to the House without further reference to the committee.

At 5.30 o'clock p.m. the committee adjourned sine die.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 24, 1946.

The Special Committee on Veterans Affairs met this day at 4 o'clock p.m. The Chairman, Mr. W. A. Tucker, presided.

The CHAIRMAN: Gentlemen, Mr. Murchison is here now to explain the policy as it was laid down and as it is working out with regard to small holdings under the Veterans' Land Act and how the co-ordinating policy is working. I spoke to Mr. Howe and he said that if after hearing Mr. Murchison we still wanted to hear him in the matter he would be quite prepared to come here. I did not ask him to come until the committee decided if they wanted to hear him. I will now ask Mr. Murchison to explain the situation to the committee.

Mr. G. A. Murchison, Director, Soldier Settlement and Veterans' Land Act, called:

The WITNESS: Mr. Chairman and gentlemen, I am sorry that the notice I received for this meeting was so short that I have not had time to prepare a finished statement, and I have been rather busy with other committees to-day, and you will therefore, I trust, overlook what may be a rather rambling account. I may say further, of course, that I would understand the committee's interest to be in the whole question of veterans' housing rather than in housing provided only under the Veterans' Land Act. I had an opportunity to read the text of the Hon. Mr. Howe's speech in the House of Commons quite recently, and the general position so far as it relates to the Veterans' Land Act operations under the small holdings part of the Act and the integration of those operations with the Department of Reconstruction were quite precisely set forth by the minister. He did not go into extensive details for obvious reasons, and perhaps if I were to briefly review the situation as from early in 1945 to date, Mr. Chairman, and project a few observations in regard to 1947 it will, I hope, convey to the committee the idea of what has been accomplished, what is in process, and what may be projected for 1947. In that latter connection, having due regard to a great many difficulties which have not yet been overcome, the committee will recall from quite a number of our previous meetings that our 1945 housing program under the small holdings part of the Act related to approximately 3,000 units. I may tell the committee to-day that for all practical purposes that program, despite all the difficulties we ran into, will be, I hope, completed by September 30. There is one exception in connection with approximately 150 units which will be completed by the use of prefabricated houses. There has been more delay in getting the work underway in connection with that group due to difficulties in getting materials into the hands of processors, difficulties over which we have no control. Those particular difficulties, however, have now been ironed out and we expect to have that group of approximately 150 prefabricated units completed and occupied before the end of the calendar year.

It is also a matter of record with this committee that resulting from the experience we had in 1945 from the very heavy volume of applications received by our department for establishment on small holdings, a great many of which were related purely to housing rather than to any interest in land, that we had to decide as early as last November that some drastic change had to be made to bring under control what appeared definitely to be a distortion of the purposes of the Act. The pressure was becoming so great from veterans for this type of

establishment it was clear it could not be met under the provisions of the Veterans' Land Act, and steps had to be taken to divert a lot of that pressure to other government agencies geared largely and more directly and properly with urban housing. So during last January it was decided in agreement with the Department of Reconstruction and the National Housing Corporation that our program under the Veterans' Land Act for 1946 would be confined to 2,000 units as compared to 3,000 projected in 1945. That allocation of 2,000 was arbitrarily distributed across the country as follows: the maritimes, 300; the province of Quebec, 175; Ontario, 575; Manitoba, 175; Saskatchewan, 75; Alberta, 200; and British Columbia, 300.

It was also undertaken at that time that there would be no additional cost plus contracts entered into for the construction of substantial groups of homes on small holdings with the exception of completing the commitments we had already entered into.

I may tell the committee to-day that of that 2,000 allocated in January of this year 727 actual contracts have been set up and approved and are distributed in the following way: the maritimes, 95; Quebec, 43; Ontario, 368; Manitoba, 54; Saskatchewan, 32; Alberta, 75; and British Columbia, 60. Of that number of 727 construction is actually underway in 684 cases. In addition to that 727 approved there are 1,094 individual contracts under negotiation. That adds up to a total of 1,778 of the 2,000 allocated last January, leaving a balance of 222 to carry us over the balance of the season. Obviously, Mr. Chairman, with that distribution by, you might say, the 1st of January, 1,778 out of a total of 2,000, and with the continuing volume of applications of quite a legitimate nature we are likely to have increased that allocation of 2,000 before the end of the year.

I might say that during this past six months a great deal of study and attention has been given to ways and means by which we can overcome the difficulties inherent in the single unit construction in the outlying areas or in the smaller places, and I have been of the opinion for some time, and I have so stated to this committee on previous occasions, that in my opinion the solution of that difficulty must be found in prefabricated houses. I am more than ever convinced of that to-day, and it will probably be of some interest to this committee to know that formal firm arrangements are now in the course of negotiation with several prefabricating industries to supply the needs of this department for homes for small holdings, and even for small homes on farms.

I might mention too that in connection with these individual contracts under negotiation we are encountering considerable difficulty. I pointed this out to the committee last November and I repeated it again early this spring, the great difficulty there is in carrying out construction on single unit basis compared with group construction of the type followed by Wartime Housing or such as was followed by this department in 1945. We are finding in quite an alarming number of cases that where we agree with the veteran as to the suitability of his land and the price and where we agree with the veteran as to the type and style and cost of the house that is to be erected, when he attempts to negotiate a contract with the builder for the construction of that home within that price it is disturbing to know the number of cases where the contractor is unable to go ahead, purely on the matter of costs. So that is another reason why it is essential that we pay the closest attention to secure satisfactory housing of a prefabricated type and at a known cost in order to overcome that particular difficulty to a great extent.

As to 1947, might I refer again to the remarks of the Hon. the Minister of Reconstruction in the House of Commons, and tell you now that consideration is being given to a program in 1947 under the Veterans' Land Act for the construction of approximately 4,000 homes, or double the allocation of 1946. I mention these figures now, Mr. Chairman, with a great deal of diffidence, because there are still factors to be taken carefully into account in the house construction business which are to some extent unknown at the present

time. The supply situation is gradually improving in some lines. The problem of construction in and around large centres is, I think, moving fairly quickly towards substantial betterment; but, as mentioned by the Minister of Reconstruction, the time has not yet arrived when we can properly anticipate any stockpiles or reserves of building material. Until these great demands are met in the larger centres, it is going to be a matter of some difficulty to get the materials necessary channelled into the smaller centres, and since our program is designed to go into those smaller centres and smaller places, I think it explains the difficulty we may be up against even with some prefabricated work.

I might mention only one item such as cement. I just learned to-day of the situation which exists in Alberta where we have a number of single unit homes approved. The contracts have been let; the basements have been dug; the forms have been set up for the basements, and we cannot secure a single bag of concrete. That is going to require immediate action and immediate action is going to be taken. I mention it just to illustrate some of the difficulties and bottlenecks which occur in connection with these operations, and I can tell you that they are not unique to our operations alone.

As to the details of the co-ordinating agreement with the Department of Reconstruction as announced by the Prime Minister and also by the Minister of Reconstruction, the conditions of the agreement are simple, they are straightforward, and I think they express the thoughts, and I think they would meet with the approval, of this committee, at least if I understand some of the criticisms that have been directed towards our operations by this committee. They go something like this and this dates as from May 8:—

Without clearance with the Minister of Reconstruction and Supply or his approved representative, the Director of the Veterans' Land Act will not approve the establishment of small holdings within the limits of an urban municipality which has a population in excess of 5,000.

Mr. Mutch: Mr. Chairman, would it clarify the situation if we took some of these points now, as we are now getting down to the meat of it, or do you want us to wait?

The CHAIRMAN: I think that is one of the difficulties and one of the reasons why we did not get it plainly before the committee before. In looking over the record I came to that conclusion. I think we should let Mr. Murchison make his complete statement so it is there in one place, and that the members should make notes of the questions they would like to ask, and ask them afterwards. I came to the conclusion, in looking through the record last night, that it was because of interruptions for questions that we did not get a clear picture before.

Mr. HERRIDGE: I think that is absolutely right.

Mr. Mutch: I hope we did not.

The WITNESS: One of the conditions, as I say, is that we will not without clearance with the Minister of Reconstruction and Supply establish small holdings within the limits of an urban municipality which has a population in excess of 5,000 people. There are definite reasons for that, Mr. Chairman. In the average urban municipality of 5,000 population, it is quite common to find anywhere from 250 to 500 veterans. Clearly we could not begin to meet all the housing problem under the Veterans' Land Act in such a municipality in the numbers that would solve the whole housing problem confronting veterans in that municipality. But latitude exists in the understanding with the Department of Reconstruction that approval can be given in certain cases. I might illustrate that by referring to a case which arose to-day in a certain Ontario city with a population very considerably in excess of 5,000. There was a very fine, well-qualified veteran employed as a printer who prior to the war owned 2 acres of land inside the urban boundaries of that city. He was acquiring

an additional 3 acres. Prior to the war he was a specialist in poultry. He is buying that 3 acres of land himself. He seeks assistance through the department to build a home on that land. Clearly that is within the intent of the small holdings, even although it is well within the boundaries of an urban municipality with a population of 5,000 or more.

The second condition is as follows:—

Without clearance with the Minister of Reconstruction, the director will not approve the purchase of a block of land for subdivision into more than six small holding units in the fringe bordering the limits of an urban municipality which has a population in excess of 15,000, provided however that the director may purchase single unit small holdings in such fringe areas without clearance with the Department of Reconstruction.

I hope the intent of that is clear, gentlemen. We simply take this stand, that in an urban municipality with a population of 15,000, there you find a correspondingly greater number of veterans, probably up to 1,500 or more. It would be quite impossible in the fringe area to accommodate all those veterans on small holdings unless we were continuing with the purchase of substantial blocks of land and set up what might be termed small villages in the fringe area; and that is not desirable. That interferes with the operations of the National Housing Act, and Wartime Housing, or in other words it clashes with that type of operation. On the other hand, in those fringe areas of the larger urban municipalities, there is room here and there for an occasional veteran who is really interested in a piece of land as such to make a selection here or there in that fringe area, or we may establish a group not in excess of six, because it is not felt that that sort of thing would unduly clash with the operations of other housing agencies.

The third condition is as follows: "The director will not approve small holdings on land already owned by the director within the territorial limits of (1) and (2)."

That is, without clearance with the Department of Reconstruction.

By Mr. Mutch:

Q. What are you going to do with that land?—A. I was just going to mention that. The intention of that was that I should review with the Department of Reconstruction the lands we already hold, either within the limits of an urban municipality which has a population in excess of 5,000—and those lands were very, very limited, I might say,—or the lands we had not used in blocks in the fringe areas of larger cities. These things have all been reviewed with the Department of Reconstruction and decision reached as to whether we should use them in our plan or whether they should be used at all or turned over to some other agency of government that they might use them in connection with their development. There has been no difficulty on that point. To illustrate how that works out, I could mention, say, the city of Quebec where there has been very great difficulty in securing land of any kind in the fringe area. Land is very closely held all around the immediate area of Quebec city. We finally did purchase a little over a year ago a block of land from the Canadian Pacific Railway which up to a short time before was used by that company as an air field, a particularly attractive piece of property, sold to us at a very attractive price by the company purely on the grounds that it was to be used as home sites for veterans. It developed, however, shortly after we purchased this land that Laval University proposed to put up a new institution practically adjoining this block of land, probably an institution the cost of which would run somewhere around \$12,000,000 to \$15,000,000. That of course put that block of land in an entirely different light. I felt, the Department of Reconstruction felt, and I think the University officials felt that if we were to proceed to use that block of land for the development of small holdings it

would not be fair to the university, to the community or to the veterans themselves. Secondly, we mutually agreed that there was a block of land which, if it is used for housing development, should be used by some other agency of the crown; it may be the National Housing Act on a single unit system, it may be an integrated housing project, or it may be housing enterprises. But clearly it is not the type of land that we should use for the development of a substantial number of small holdings. I could mention, in contrast to that, a block of land we acquired in the Kingston area consisting of approximately 60 acres. There is another city where land has been extremely hard to find. We knew in advance of a new industrial development in that area, and taking time by the forelock we purchased a block of about 65 acres, a very beautiful location. That new industry is going ahead. There is considerable employment outside this property. It is four miles out of the city of Kingston. Now, after discussing that project with the Department of Reconstruction they agreed that that was the type of project we should proceed with because that did not interfere with any purely urban housing development in the city of Kingston.

Another instance of how the co-ordinated agreement works out might be found in the township of East Scarboro, York county, near Toronto. We have a substantial holding of land in the northern part of the township which we are holding in reserve. Certainly there was a demand for it. It was well blocked—excellent gardening land. We are not going to develop that in half acre or acre small holdings, but it is going to be subdivided into three to five acre small holdings, and that is the basis upon which that block of land is going to be used. I do not think any member of this committee could raise any objection to that where the idea of a small holding is being given real consideration in an area where there is certainly a wide field of outside employment as well.

Coming now to the Pacific coast. I know there are a number of members of this committee, Mr. Chairman, who are very interested in that situation. We were faced with quite a difficulty in such a municipality as Burnaby. I know that is a municipality which is familiar to Mr. Green. Also West Vancouver and North Vancouver. After looking that situation over very carefully and having regard to the very large number of applications we were receiving, it appeared quite clear that if they were to be met we would be unduly distorting the idea of the Veterans' Land Act; and so a decision was reached that from now on small holdings in Burnaby, North Shore and West Vancouver are out. That is regarded as an urban housing area. It is potentially so now, and we have mutually agreed that that is an area that should be served by other agencies of the government in the housing field or private enterprise.

MR. GREEN: What about Richmond?

THE WITNESS: No, it is not regarded as a residential area, not at the present time. Nor do we include Coquitlam or Surrey or Langley. That is clearly in an area where we are entitled to operate.

I think that will give the committee an outline as to what the co-ordinating agreement with the Department of Reconstruction means. I have indicated that despite these co-ordinating arrangements we are considering a program for 1947 double that of 1946, in spite of those restrictions. To do that, of course, it is necessary to encourage to the maximum extent the idea of veterans obtaining those small holding establishments around or close to or indeed even inside some of the smaller villages or smaller places throughout the country. That is going to take a great deal of education, but I feel it is a field that we should meet. I am convinced there are many thousands of veterans throughout Canada who if they are not taken care of in their home villages under this plan will more likely than not gravitate to our cities and greatly aggravate what is already a most difficult situation.

Now, with those rather rambling remarks, Mr. Chairman, I shall be glad to try to answer any questions put to me apart from questions as to what

further adjustments in costs have been authorized with respect to the 1945 program, because I did not bring that information with me. I have not had time to go into it since my return after a brief holiday, but with that exception I shall be glad to try to answer questions.

Mr. MURCH: Mr. Chairman, I was present on a former occasion when the director made us acquainted with the nature of the agreement between the Veterans' Land Act and the Department of Reconstruction and Supply, and I think I was quiet at that time. I expressed no disquietude of mind at that time because I took the statement of the director that the changes did not involve any amendment to the Act, and that there would be no lessening of the policy of the director to mean that the effect on the veteran who wanted to get small holdings would not be noticeable. Now, if I understand what I hear correctly,—and if I do not this is the place where I hope to be put right—there has been a complete change in the small holding policy with respect to small holdings, particularly with respect to those who might be described as urban dwellers, industrial workers, and those veterans who were assured by the various pieces of legislation put out by D.V.A., I think I am fair to say V.L.A. and other agencies of the government. So, whatever the concept of the V.L.A. might have been, or whatever the concept of the committee might have been in 1942, this small holding business has been widely held up across this country as an opportunity for the urban dweller to get some advantage in the matter of a home site, comparable to that which is available to a man who took up full-time farming. If I understand this correctly, the limitation means that a man who lives in a city and has employment or is a high scale pensioner or has some fixed income, is now debarred from settlement in suburban municipalities adjacent to cities such as my own, except in individual cases. The director pointed out to-day and on many other occasions the difficulties of single unit construction. He told us of the number of single unit contracts which have been entered into. He did not say how many had been completed. I do not think that that is germane to what I have to say at the moment, but what I ask is some assurance that that widely advertised situation is not going to disappear; because if I may take literally the statement made by Mr. Howe the other night—and there is no conflict with the statement made to-day by the director—it simply means that the men in Winnipeg who are employed in part-time work or full-time work at some industrial plant in the city, if they want to get small holdings have got to go outside of any one of the nine suburban municipalities which are adjacent to that city, all of which I think without exception have populations exceeding 5,000, and part of which population is definitely urban in nature. At any rate, if he does not do so he must run the gauntlet on his own and establish his claim. I have had two or three instances of people who have written to me and said that they had negotiated for small holdings and now were told that as a result of policy, they are not allowed small holdings in suburban areas close to cities. In each of the cases I have made an investigation and have found out that permission could be given, and in two cases permission has been given to proceed. What I want to know is: are all these cases going to proceed on that basis? I am not the slightest bit impressed by the argument that the small holdings may come in conflict with either National Housing or Wartime Housing. Frankly, I do not think that should be a matter of consideration in this committee or by the director. Small holdings were conceived to do a serviceable job for the veteran. I would not be the slightest bit concerned if the holding you had in Quebec was better than any other available locality or what effect the \$12,000,000 institution would have on it, whether it was put up by the church or the bank or by any other organization. That aspect of it frankly does not concern me at all.

You spoke of the fringe areas. How do you define them? What is the fringe area of Winnipeg?

The WITNESS: I was rather hoping, Mr. Mutch, that you would not raise that question, because when you ask me to define the fringe area you have to take a panoramic view and have a pretty close working knowledge of the geography of every sizable city in Canada. Now, let us start, say, to develop my remarks—I do not want to go into a lengthy statement—let us take Calgary where there is no fringe area; it is either wheat fields or it is urban development. There is no fringe area in Regina either; the wheat fields come right up to the back yards on the fringe of the city. When you come to Winnipeg there you have a wide fringe area; you have a wide circle of semi-suburban settlements; and I feel that there is still considerable scope in the fringe area of that size for a single unit development of small holdings. I do want to emphasize that without clearance from the Department of Reconstruction we cannot proceed in the purchase of land for subdivisions into more than six units in an area of that kind, because it has the bad effect of creating the very thing I have heard you criticize here of establishing too many veterans in one group—more or less of a village—and maybe on half an acre or an acre of land. In the Toronto-Hamilton area it would be most difficult to differentiate between the fringe area of metropolitan Toronto and of metropolitan Hamilton; they are practically joined together over a distance of approximately forty miles. Now, there are large areas in between which are growing up into purely suburban and satellite towns, and there are areas which are still quite sparsely settled, and it is in those most sparsely settled areas that we must concentrate our work if we are to give real expression to the idea of getting some land as a means of supplementing income.

Mr. MUTCH: I expected when I gave you the opportunity that you would remind me that I have expressed myself as being opposed to veteran villages as such. I still am. For that reason I cannot agree with you when you speak of the development in Kingston as being an ideal one because of employment there. I think probably you do create a problem for somebody by that type of system. That is by the way. I am coming to the area I know. In the municipality of St. James, which lies alongside the city of Winnipeg, there are 6,000 or 7,000 people in a small urban area right up against the city limits, but if you are going to send in a group or groups, whether they be one or six into that municipality they are going to be twelve miles from their work. In Fort Garry they are going to be eight miles from the city limits. St. Vital, which is another municipality adjoining the city with over 6,000 of an urban population, is outside the limits. They would have to come at least twelve miles before they could be accommodated in any numbers. Now, I do not hold with the view that has been expressed here and at other times that this scheme was evolved—it may have been conceived—as an expansion of land settlement to get people into the country and back into the villages from which they came. It may have been conceived in that fashion but it certainly was not evolved in that fashion, and I am well aware that the reason for the 1935 program was the necessity of mass production. I am going to leave that as far as the committee is concerned with two more questions. Is it a fact that anyone who wants to secure a small holding—going back to the Winnipeg area—in one of those adjacent municipalities, is now compelled to take 3 acres whereas a short time ago he could take half an acre?—A. No.

Q. What is the position there?—A. The understanding there is that 3 acres of land or more is regarded as an agricultural unit, and the Department of Reconstruction and Supply is not interested in that.

By Mr. Ross:

Q. That is a full time farm?—A. Yes.

By Mr. Mutch:

Q. It would be possible to get 3 acres in one of those areas I have spoken of?—A. The Department of Reconstruction—

Mr. LENNARD: 5 acres is a farm.

The CHAIRMAN: Order, gentlemen.

Mr. MUTCH: 5 acres down here is an estate.

By Mr. Jutras:

Q. According to the regulations what is considered a farm?—A. Of course, there are areas where if you want to buy 5 acres you must be prepared to spend \$6,000 just for the land down in these provinces of Ontario and Quebec. Therefore, that is quite out of the question from the standpoint of small holdings. There are areas on the Pacific coast where to-day you would have to spend some pretty important money to buy 5 or 6 acres, but going back to the question, as I say, there is no question raised about the holding of 3 acres of land. There is no question raised about half an acre.

By Mr. Mutch:

Q. Just on that point did not the order in council say that the 3 acres could not be in a municipality with a population in excess of 5,000?—A. There is no order, and there is no such thing as three acres mentioned.

Q. I have a letter I should show you. However, it has been fixed now. We can let that go. Someone in your department was not as well informed. That was what I wanted to get cleared up. The only other thing is this. In the closely settled areas immediately adjacent to a city, in the suburban municipalities, is it possible for me or someone else to arrange with the department to buy a half acre lot and continue as an individual unit to build a home of that description?—A. I would say yes to that with this reservation, that we must be satisfied that we are not setting up the establishment of houses in a location which conflicts with what some other veteran is doing across the road under the National Housing Act.

Q. You mean I may not build a better house than the poor fellow who has had to take a wartime housing house in the same district?—A. I do not mean that. I mean a veteran who has built a home under the National Housing Act or under his own steam practically adjoining it. It would merely create a difficulty if we were to encourage a policy of putting veterans on small holdings under a financial arrangement very much more attractive than his neighbour has just across the road.

Q. In other words, if you are going to give him something he has got to go far enough away that it will not be noticed?—A. If you put it that way.

Mr. ROSS: You have got to hide him in the bush.

The WITNESS: It is either that or eliminate them altogether.

Mr. MUTCH: Personally I would not accept either alternative.

Mr. PEARKES: I am concerned about municipalities which are on what might be called the fringe of greater Victoria and are included in greater Victoria. I refer to the municipalities of Esquimalt, Saanich and Oak Bay. At the present time they have certain construction work going on under the D.V.A. The Brayfoot estate houses are near completion. There is still ground in those municipalities where the workers in the shipyards of Victoria and Esquimalt could have houses and would be able to develop a little bit of market-gardening, the growing of loganberries, chickens, or something like that. I believe the director's mind is sufficiently flexible to permit people to go on in that sort of area provided he can get a clearance from the Department of Reconstruction and Supply, but I am perturbed because no mention was made of the granting of any clearance in Mr. Howe's address. He laid down hard and fast rules.

if my reading of his remarks is correct, that such veterans' homes would not be built in the areas referred to.

What assurance have we got from the Department of Reconstruction and Supply that they will be sufficiently flexible to permit building even in lots of six or individual lots in the areas referred to? Could Mr. Murchison say whether the areas of Esquimalt, Saanich and Oak Bay are areas which, in his opinion, would be excluded or whether he considers there is a fringe around Victoria?

The WITNESS: In the Victoria area there you have again a wide fringe area which for generations has been a suburban small holding type of development. That is distinct from the corporate limits of the city of Victoria. The introduction of substantial numbers of small farms under the Veterans' Land Act in that fringe area introduced no innovation. That has been going on there for a long time, and the only assurance I can give Mr. Pearkes is that thus far I have found the Department of Reconstruction and Supply officials most co-operative, most fair minded, in discussing individual proposals of that kind. I agree quite fully with what Mr. Pearkes has said. I feel that there is an area where small holdings are no innovation, and it would be my wish and my recommendation in dealing with the department there that it should not be unduly cramped, but that you should not repeat such a thing as the Brayfoot but individually or in twos or threes. That looks to me to be the sensible thing to do in that particular part of Canada. I think everyone will agree that we cannot lay down hard and fast yardsticks on a matter of this kind to apply arbitrarily throughout the length and breadth of Canada because of the variations in local conditions.

By Mr. Harris:

Q. I am not quite satisfied in my mind that I understood your answer to Mr. Mutch. We will take two examples, the one he gives and the one my case. I do not know Winnipeg well enough, but taking Toronto, Weston is a corporation of more than 5,000 people which is actually right up against Toronto. I take the present rule to mean that a man who lived in Weston and worked in Toronto would not be able to get a permit from you for a single house because he is in a corporation of more than 5,000 people?—A. That is right.

Q. Very good.—A. Unless he was building on 3 acres inside the corporation of Weston.

Q. I understood that to be your answer but you did not put it as clearly as you have now. That would also exclude the town of New Toronto which has 10,000 or 20,000 people, I am not familiar with it. On the east it would not exclude any because you are up against unincorporated townships on the east and north, but on the west side you cut yourself out of that. It seemed to me last night when they were reading Mr. Howe's address that there was an out in a corporation of more than 5,000 where it was an agricultural area and had rather wide boundaries. You have not mentioned that yet. Have you any remarks to make on that?—A. No. I am sorry that I cannot elaborate on that to any extent. I can probably illustrate a difficulty that arises by citing the case of the city of Medicine Hat in Alberta. There is a spot in Canada where it is out of the question to buy land on the immediate fringe because without water land means nothing. You must have irrigation if it is going to be any use for gardening purposes, and there is no water available. The only solution within the corporate limits of the city of Medicine Hat is to build homes on 50-foot lots. We have simply had to tell the city of Medicine Hat we are not in the urban housing business and unfortunately we cannot reach that.

Q. I have one further question. As I say, I carried this in my mind from the use of the words "in agricultural areas". Let us take the city of Owen Sound in Grey county. There is only one corporation in the counties of Grey and Bruce over 5,000. That is the city of Owen Sound. The city of Owen Sound has at times in the past, like a lot of others, taken in a lot of land. There is a very considerable part of the land within the corporation which

you would not recognize as you approach the town because it is just an agricultural area. I take it from what was read here last night that would be exceptional. I know in Owen Sound you have barred any further permits, but I am asking was that the purpose of the other?—A. I do not want to speak for Mr. Howe, but I would say specifically with regard to Owen Sound, or other places of a like nature, that at Owen Sound we have a small project there of about eight units. The houses are practically completed. There is room on that small project for another eight houses. That was a commitment entered into prior to this agreement and we are completing that commitment. We are going to use that land. If there is going to be any addition to that in the Owen Sound fringe area I am quite prepared to take any proposal that comes forward with all its particulars and the type of veterans concerned and discuss that around the table with the Department of Reconstruction and Supply and say, "Are you people prepared under the National Housing Act or some other plan to proceed with this or do you feel this is a project, which under our co-ordinating agreement, the Veterans Land Act should carry?" We do not want to conflict with each other.

Q. I do not want to infer that is the deciding factor, but the city of Owen Sound has got wartime housing. Under those conditions would they not have to lose the benefits of the Veterans Land Act. I mean if you pose that question to Reconstruction and Supply their answer will be "yes, we are looking after it under Wartime Housing, or National Housing and therefore you are out."—A. That does not necessarily follow. I will give you an illustration of how it works out. At the city of Kitchener we happen to hold a block of about 30 acres of very desirable gardening land on the outskirts of Kitchener. No development has taken place on it prior to the date of this co-ordinating agreement. That project was considered with Reconstruction. I offered the land to them. Kitchener is a city with more unfilled employment vacancies per capita than any other city in Canada. I said, "Here is an opportunity for housing enterprises, for Wartime Housing or integrated housing or some National Housing Act builder to use this land and instead of building 15 or 20 homes on it build 200. It will solve your problem in Kitchener."

By Mr. Mutch:

Q. Just on that point why should a veteran who lives in Owen Sound and who is otherwise qualified to own a home under the Veterans Land Act be denied that and have to go and live in one of these wartime housing houses? When we begin to get mixed up with this other department where does the interest of National Housing and Wartime Housing begin and where is the interest of the veteran himself left off?—A. The only answer I can give to that is that vague and all as the dividing point may be, clearly it is a definite fact that the Veterans' Land Act cannot accommodate the whole housing problem among veterans in Canada. We can only handle a small percentage of it. We must think in terms of housing for veterans throughout Canada along the lines indicated by the Minister of Reconstruction and it would be quite out of the question for us to undertake programs that would even attempt to solve the housing problem as such confronting veterans in these larger centres, to meet the whole problem.

Mr. HARRIS: Of course you are considering the present 1946 and 1947 program and desire to get as many houses going as you can and so on. I am looking to the other factor that at all times during the 10 year period, you will have veterans who may want to take advantage of the Veterans' Land Act, and in a corporation like Owen Sound would be able to have the necessary half acre or maybe an acre, excluding the 3 acres, and that there are large areas of undeveloped land in the corporation. It does seem to me just on the face of it, not in any argumentative way, that by the fact that Wartime Housing has

now gone into Owen Sound, we have put out the Veterans' Land Act, even for the individual applicant in the future and for you to build 10 or 12 houses this year or next.

Mr. ROSS: That is true right across Canada.

Mr. HARRIS: I quite agree.

By Mr. Ross:

Q. That is an example that applies right across Canada. I have in mind Brandon city where Mr. Manser has been negotiating with the city council. There was mention made of Medicine Hat. The same thing applies in Brandon, a city of 17,000 people. A veteran there in order to get housing is going to be forced to go into Wartime Housing which is certainly quite unsatisfactory in Manitoba or in the prairie provinces. To begin with, they are very rigid in the type of houses they will build and they will not put a basement under the house. They are very rigid in their construction. Under this present co-ordination under Mr. Howe and the Department of Reconstruction, in centres such as Brandon—and I presume many others in Canada—the veteran in order to get a house at all is going to be forced to apply to Wartime Housing, which is most unsatisfactory in the prairie provinces at least. Do you not think that is right?—A. I would not like to say whether it is right or wrong.

Q. I mean, the fact is this, that under the Veterans' Land Act small holdings he will have a full sized basement?—A. Yes.

Q. And conveniences that are very essential on the prairies that he cannot obtain under Wartime Housing.—A. I do not care to—and I do not think I should—speak for Wartime Housing.

Q. I would not want you to answer that if you did not feel like it.—A. But I have seen quite a few wartime projects throughout Canada.

Q. I am talking about the prairies right now, and they certainly require a basement there.—A. And while there is probably some reason to criticize, nevertheless Wartime Housing has supplied a large number of housing units at monthly rental rates that have not been available anywhere else or from any other agency in Canada for comparable housing. While it is true that we may build a more attractive house, I think myself that we are pretty close to a time where we will have to lower our sights. I am at the point now, Mr. Chairman, where I would much prefer to see a veteran get a 3-, 4- or 5-acre piece of land that maybe costs \$2,000 or \$2,500 and a home that maybe only cost \$2,500 or \$3,000 without any frills; something that he can pay for; something where he has some elbow room to do something with his land. That is the kind of development that I would prefer to see. But there are areas in Canada where that is quite impossible because of the scarcity and high cost of the land. But that is a trend that we propose to encourage to the maximum extent because there is the type of man we should be endeavouring to reach, the man with the lower income, the man whose employment may be a little sketchy. It may be periodic. He may have three or four different jobs in the year. I should like to see that man have more than half an acre of land. I should like to see him have a 3-, 5-, 10- or 20-acre small farm on which he and his family could do something towards the family budget.

Mr. ROSS: That was the original intent of this small holdings part of the Act.

Mr. WOODS: That is right.

The CHAIRMAN: I might just point out to the committee that the recital to the Veterans' Land Act says as follows:—

Whereas many men now serving in the active forces of Canada have recorded their desire to settle on land or engage in farming when hostilities cease, and it is desirable that suitably qualified veterans be encouraged to seek rehabilitation in the agricultural industry; and

Whereas part-time farming coupled with other employment is an increasingly important aspect of rural and semi-rural life in Canada;

Then it goes on further again:—

And it is the purpose of the dominion government to provide a measure of financial assistance to veterans on their performance of prescribed settlement conditions in order to promote their engaging in agricultural pursuits either as a full-time occupation or as a part-time occupation coupled with some other employment.

The whole purpose of this Act as passed by parliament was to settle people in regard to full-time farming or part-time farming. As I see what has happened—and it is partly due to the criticism of this committee, which I pointed out at the time it was being uttered would likely lead to the curtailment of these activities and the restoration of them to the original purpose of the Act as clearly laid down—that very thing is now apparently being done; that policy is being restored. The committee itself at the opening of our sittings criticized the way we were getting away from the original purposes of this Act; and of course I pointed out at that time that that would be bound to have the results which have taken place.

Mr. HARRIS: Mr. Chairman, without arguing that point at the moment, have you got the remarks of Mr. Howe that I was referring to; the ones that were read to us last night? Because they go to the crux of the problem you stated, namely, that where you have a corporation of more than 5,000 which extends into the country and within the corporation there is lots of vacant land which could be used for part-time farming for a worker in the town, why have we now barred that fellow and said, “No, you will have to go five miles farther out?”

Mr. GREEN: No. He said they have not barred them.

Mr. HARRIS: I am asking that, because Mr. Murchison will not comment on that.

Mr. GREEN: That is what Mr. Howe said.

Mr. HARRIS: I want to get that straight.

The CHAIRMAN: We could have Mr. Howe here, if you wish; and I think you will find that there is no intention of the government to depart in any way from the purpose of this Act as definitely laid down in the enactment of parliament.

Mr. MUTCH: Oh well, Mr. Chairman—

The CHAIRMAN: I think you will find that will be stated by Mr. Howe.

Mr. MUTCH: I know as well as anybody knows, and as well as you know, what it is. As I said at the beginning of this thing, it is all very well for us to say that this was intended to be and conceived to be an extension of the farm operation. I know it is.

The CHAIRMAN: It is right in the Act.

Mr. MUTCH: As a lawyer, that may satisfy you; but if you take the literature put out by your own department which went all across this country from one end to the other, it was to the effect that this small holdings scheme was something which would do something for the city man, the man in the small city and in the small town. If the interpretation of this thing is going to work back to a legalistic interpretation of it, then it is a breach of faith and nothing else.

Mr. ROSS: Mr. Chairman, there is no legal misunderstanding or anything else about it. It is quite distinctly set out there. I was on the original committee as were Mr. Wright, Mr. Quelch and others. We were hesitant about

even going that far with regard to small holdings. Certainly it was the understanding of every member of this committee in 1942 that this was simply extending the matter of full time farming, that the man who had a job in the city could keep a few chickens, have a garden and do part time farming. That was the intent of this Act. I cannot help the propaganda that went out all across the country. It certainly did, and I would say to Mr. Mutch that it did not apply to D.V.A. alone. There was a whole lot of propaganda from different departments that is probably better forgotten. But this is distinctly a matter of small-time farming. I think you, along with myself, on several occasions in the past here or there have raised objections that we were getting away from the original intent of the Act and not settling chaps on the farm as fast as we could on account of this housing business at the time. Following that, Mr. Murchison in his remarks said there was very great difficulty with the single unit. That is one great difficulty we have had. A man who is working in a small town has found difficulty in getting a home for himself unless he goes into one of these community projects. Mr. Murchison did point out that there was very great difficulty. He pointed out that there was difficulty in getting a contractor to complete the contract, that he could not carry out the contract due to the cost, and he is left out on that. I think exactly the same thing is true even of your community projects. You have the same difficulty about costs. In fact, I know in the case of some of these single units, where a chap has gone to the contractor and wanted him to take a contract to do the job and the contractor absolutely refused to take it because of our controls, changing prices and all that. He will not take a contract to-day. I would think therefore you have the same difficulties with your community projects. I certainly know that on your cost plus basis you have got there exactly the same difficulty and maybe to a greater extent than with any of the single units. Is that not so?

The WITNESS: We have not got it to any greater extent.

Mr. ROSS: You have the same difficulty.

The WITNESS: There is only one way of putting an end to cost plus contracts, and that is to stop entering into them.

Mr. ROSS: I agree with that.

The WITNESS: And to give the construction industry a target to shoot at and say "There is all we are going to pay; you must gear your operations to meet that ceiling." That is the way it has been met in the old country, as Mr. Van Norman advised this committee a few days ago. As long as you encourage the cost plus idea, whether it be in large projects or single unit construction, then so long will you have encouragement towards keeping your costs pyramiding rather than keeping them under control.

Mr. ROSS: Once you eliminate completely the cost plus basis, do you not think that will encourage the small contractor out in the rural parts, to go ahead on a contract basis? You will therefore solve the basis of this difficulty in single unit construction to some extent once you start that.

The WITNESS: If we can get the materials.

Mr. ROSS: That is true enough.

Mr. BENTLEY: I am not going to argue anything. I want to get some information. Mr. Murchison a while ago mentioned Medicine Hat and the difficulty of building there on account of water supplies. I want to go back to the little city of Swift Current. I assume you know something about it and probably quite a lot. You know there are two areas there that are available for the type of small time farming on small holdings. That is out in the irrigation part of the country to the east, and over on the south side of the

track where the horse packing plant is at the present time and where other industries will likely be built in a small way near that city. We have a city of 5,000; in fact I think we even have around 7,000.

The WITNESS: You are doing well.

Mr. BENTLEY: Could we get small-time holdings there on that south side? Is it available for that purpose there, and are you doing any investigation work or are you making any effort to get hold of some of the irrigation land that is served by the ditches?

The WITNESS: I am sorry I cannot make a complete answer on that. My instruction is, though, that we thus far have had very limited enquiry by veterans in the Swift Current area for that type of establishment. The requests we are getting there have to do with full-time farming on a rather large scale; and as you know the difficulties inherent in that whole area, considerable caution has to be used. We have our eyes on that irrigation development at Swift Current the same as we have in southern Alberta on the Milk River project. As and when it comes into actual being, and we can acquire that land at a reasonable price, certainly I would be delighted to see the maximum use made of it.

Mr. BENTLEY: The same on the south side on the hill there, going up?

The WITNESS: Yes.

Mr. PEARKES: Referring to Mr. Herridge's remarks, I think that there is a danger that the administrators in the far away parts will get the impression that it is a hard and fast rule that there may be no houses built in those suburban or fringe areas. I think that we should make our wishes known to the government that, when that bill is brought down, it has got to make it quite clear that there may be exceptional cases. It may be places like Burnaby and Fort Rouge, that you cannot build houses there, but there will still be opportunities in the fringe areas of places such as Victoria. I think we have got to give more latitude than is indicated.

By Mr. Green:

Q. I should like to ask Mr. Murchison about the municipalities surrounding Vancouver. He mentioned Burnaby, West Vancouver and North Vancouver. Is there an absolute prohibition against any further small holdings being set up there or is it possible still to have an individual small holding or a government scheme comprising up to six units?—A. The understanding at the present time, Mr. Chairman, is that there is a very tight prohibition on Burnaby, North Vancouver and West Vancouver so far as small holdings are concerned.

Q. Of any kind?—A. Of any kind; because the situation is simply this: we have 531 applications for small holding establishments in those municipalities to-day. They simply cannot be accommodated. The feeling of the Department of Reconstruction, with which I fully agree, is that the housing problem there must be tackled by other agencies. Otherwise we are going to create too many further difficulties.

Q. I have tried to help you out on this policy of yours, but I am afraid that is rank discrimination. You are basing it now on the argument that there are too many men for you to look after them all, and that is an argument that would apply in any place in Canada. Burnaby, for example, is not an urban municipality. There are parts of it that are urban, where there are stores and where houses are built closely together. But the bulk of the municipality, as you know, is not settled in that way. There are many places where there are many small-acreage plots, chicken farms and small fruit farms.

Mr. HERRIDGE: Ten acres; lots of them.

Mr. GREEN: Yes. I cannot see why you should say there will be no more in Burnaby. I think that has gone too far. It does not fit in with the original

plan which was if a man could get, say, five acres adjoining the city he would be helped under this plan. Burnaby is an ideal district for a development of that type, and I think to put on a rigid prohibition in a municipality like that is making a farce of the Act.

The CHAIRMAN: If anybody in Burnaby had that would you be satisfied with it as a small holding? If anybody had a parcel like that for sale, where he was operating in the manner Mr. Green has mentioned, as a chicken farm, and if somebody came along who was eligible under the Veterans' Land Act would you not be able to assist him in buying it?

The WITNESS: Land has got to be such a price in Burnaby. Urban development is proceeding so rapidly that it is our estimate that in a few years one can drive all the way from Stanley Park to New Westminster through the Burnaby area and you will not know when you leave one part and are in the next.

Mr. GREEN: I hope you are right, but I am afraid you are wrong.

By Mr. Brooks:

Q. With regard to these applications for small holdings, are not most of the people applying for just half an acre in order that they may build a home? Is not the veteran himself looking on it more as a building lot than as a small holding where he can do some farming? I have met a good many of them who have complained, who want just a half acre and to be allowed to build a house; and they ask: "Why cannot I get a lot of land to build a house on for myself?" What proportion apply for half an acre in these applications or indicate that they are, perhaps, interested in farming?—A. I could not answer that without making some careful inquiries, but I would be safe in saying that 60 per cent are interested in the minimum amount of land.

Q. Which would indicate they want to get a lot to build a house on?—A. Yes.

By Mr. Green:

Q. If you would administer your Act from now on in the way that the Act itself reads, then your test would be whether or not the man is going to get acreage to make himself partially self-sustaining, and that would be your only test, and all these arbitrary rules that have been drawn up about cities of 15,000 and 5,000 and so on would go out the window. Those rules, I suggest, are directly contrary to the spirit of the Act as it reads at the present time.—A. We have had the experience at the same time of gentlemen coming to us for establishment on small holdings of one, two, three or four acres with quite an attractive home on it, and some of them I know pay no attention to using the land. They have the land but they are not using it.

Mr. BROOKS: They want an estate, that is all.

By Mr. Green:

Q. What percentage of your small holdings is in accordance with the original intent of the Act; that is where a man is settling with the idea of being able to provide at least a portion of his living from the land?—A. I could not answer that, Mr. Chairman, without making some close inquiries, because you have these variations where a man is producing more from a half acre or an acre of land than lots of other people are producing off five.

Mr. MUTCH: On the average the first man will not turn a sod until he loses his job.

Mr. GREEN: I think you can give us a pretty fair idea—if you cannot you should be able to—as to whether there are 10 per cent coming within the original intent of the Act or 25 per cent?

The CHAIRMAN: I do not think you should expect Mr. Murchison to admit that he is not trying to carry out the intention of the Act.

The WITNESS: I will say this, Mr. Chairman—and I am speaking from memory—that in connection with the first 1,500 that were established the average acreage was something of the order of two and a half acres.

By Mr. Green:

Q. What is it now?—A. I think it is less.

Q. How much?—A. It would be down to an average of probably an acre, having regard to the number established on half an acre.

Q. I guess that the actual fact is that there were practically no small holdings that were set up to make the veteran partially self-sustaining?—A. I will not concede that.

Mr. BENTLEY: Mr. Green mentioned so many people looking for certain places which he mentioned and the director agreed that 60 per cent are looking for a house to live in. The original intention of the Veterans' Land Act was, as far as possible, to rehabilitate people in full-time farming—as many as would go on farms. Now, there are a lot of people, returned men, that are interested in that, and yet the ceiling price that allows them to get started makes it practically impossible for them to get started. The next thing they need is a place to live. Barring sufficient financial assistance to permit them to engage in full-time farming, the next thing they do is look for a job. Having acquired this condition. I do not know whether you or the officials of the government have ever thought of it, but you are going to wait a long while under present conditions for the price of land to drop so that \$6,000 will establish a man on an economic farm unit. If you are going to wait for that a lot of veterans are never going to be established on farms, and the drift will be in the direction indicated this afternoon. Has some consideration been given to the extent of assistance that can be given to these men so that it will be possible to get some of them on full-time farming. I am convinced you will not settle many people in the prairie provinces on that \$6,000 ceiling. It cannot be done on any farm to-day.

The CHAIRMAN: The leasing arrangement is going to help, I think.

Mr. BENTLEY: I hope you are right, but the hope is not as great in my breast as it appears to be in yours. Failing that, what is going to be done? How are you going to get these people in the place where they want to be? If you cannot do it under the ceiling, and the ceiling will not be raised, you are going to have a continual drift to these vacant lots with people asking for a house, and you cannot help them.

The CHAIRMAN: I think you will agree that the most successful people in farming got started as tenant farmers and without a big debt, and if you increase that debt to too high a figure, you are not going to help them out as much as if you give them the chance to get started on good land under a leasing proposition. I really have great hopes for this leasing proposition. I heard favourable comment on it recently when I was in the west. I think that is one of the finest things we have done this session.

Mr. BENTLEY: If I remember correctly, Mr. Chairman, the other day the director said that they had not the forms out yet to start applications under that. Is that right?

The WITNESS: Yes, correct.

Mr. BENTLEY: The thing should be going now. How are we going to make it a success if it is not even started. In no time at all it will be next spring. People who are going to retire and lease their land will be making plans now, and somebody already established with a big line of machinery is going to have that all arranged for, and when you come to work on your applications next fall or winter you will find that someone else has the lease and the veteran will be out again for another year.

Mr. JUTRAS: Could we have an approximate estimate of when this will come in force? I was under the impression that this was already in force.

The CHAIRMAN: It has been in force by order in council for some time, but it is a matter of getting the administration going.

The WITNESS: On that point about all I can plead is that our existing staff and our existing administrative facilities have been completely taxed in dealing with current applications for establishment on a purchase basis. We went into this with a large accumulation of applications for establishment calling for the appraisal of thousands of farms. I suggest that we be given a chance to deal with the specific applications we have on hand before we start buying something else. It is our intention, under our administration in Ottawa here, as soon as possible to discuss not only that feature of the Act but also to discuss any further detailed operation of the small holding part. I realize the necessity for action on that as well as anyone else, but we just cannot very well strip our administrative offices of senior staff at a critical period such as we have had during the last two or three months.

Mr. JUTRAS: That is one of the reasons why I am satisfied with certain limitations that are being employed. This Veterans' Land Act, as far as small holdings are concerned, has definitely been used to a greater advantage in the cities. Now, they have had a good chance of settling a great many people around the cities, and others should be considered.

Mr. MUTCH: Not 5 per cent.

Mr. JUTRAS: Greater efforts should be made to extend the small holdings in rural areas, and if we can take some load off the Veterans' Land Act in any way, shape or form it is going to help the situation.

The CHAIRMAN: Now, gentlemen, have we had a sufficiently full discussion of this matter with Mr. Murchison, or do you wish to have me send for Mr. Howe? Do you think he can add anything to what he has already said in the House and to what Mr. Murchison has told us to-day? If not, we will discuss for a moment our future proceedings.

(Discussions off the record.)

Mr. MUTCH: May we go back on the record?

The CHAIRMAN: Yes.

Mr. HARRIS: I wanted to come back to questioning Mr. Murchison. It is not often I accuse you of railroading me.

The CHAIRMAN: I thought you were finished.

Mr. MUTCH: I have to go, and if I may I should like to rise, for the first time since I have been in parliament, on a question of privilege which affects the whole committee. I am told that the proper place to raise a question of privilege affecting a committee is in the committee itself and if necessary to take it to the House of Commons through the chairman. The *Ottawa Journal* of this date in a leading editorial to-night again reiterates a mis-statement which was made respecting what transpired in this committee on Tuesday last. This is the quotation:

Against the considered advice of Mr. Charles H. Bland, Chairman of the Civil Service Commission, and Mr. Walter S. Woods, Deputy Minister of Veterans Affairs, a majority of members of the Veterans Affairs Committee of the Commons favour extension of the veterans' preference for government jobs to men whose service has been confined to Canada during the war years. Since before the end of World War I this preference has applied only to men and women with overseas service.

I draw to your attention, and suggest that you draw to the attention of the House, and the publishers of this paper through the House—whatever is the proper method—the fact that, while there was a discussion of this the other day in the committee, on the motion of Mr. Sinclair this committee decided to come to no decision with respect to a recommendation in this matter. The news story which was published under an 8 column headline with a subhead under it said that the one resolution which we did carry had been opposed by Mr. Bland and Mr. Woods, which was incorrect. We let that pass but this should be called to their attention because it is causing considerable disquietude and it will cause more. It puts us in a position which, whether we ever come to it or not, we have not come to yet. It is a reflection both on the committee and the representations made before us. We have not made a decision and that should be brought to their attention.

The CHAIRMAN: Thank you, Mr. Mutch, for bringing that up. The press has been so very good and so very accurate in covering our proceedings up until this report that I was really surprised. I thought to myself as I read this report that it was more than 50 per cent incorrect, and it was so different from all previous reports that I was quite amazed. I expected to hear protests from Mr. Woods and Mr. Bland about it, but everybody apparently is getting very tolerant because nothing was said and I did not mention it. I will do whatever the committee would like me to do in the matter. I can raise the point in the House if it is the wish of the committee and say that our committee as yet has not made a decision on the matter.

Mr. GREEN: How would it be if you raised a question of privilege in the House and read the report that was put in the other day? That motion has actually been reported to the House. That is Mr. Sinclair's recommendation which was that the preference be extended to civil servants who were not under the Civil Service Act.

The CHAIRMAN: And further than that we made no decision. Is it your wish I should raise that in the House?

Some Hon. MEMBERS: Agreed.

Mr. MUTCH: That is my reason for raising it.

The CHAIRMAN: Thank you, I am glad you brought it up.

Mr. WOODS: Since I am one of the parties concerned I would say that if Mr. Bland and I had been asked the question as to whether we were in favour of the resolution that passed which advocated that the overseas preference be extended to all government agencies, I think both of us would have expressed ourselves in favour of it. Of course we are in favour of the overseas preference being extended as far as possible. In fact, we are urging private employers to extend it, and had we been asked we would have expressed ourselves as being in favour of it.

Mr. MUTCH: I do not think you are suspect.

The CHAIRMAN: I think I should clear Mr. Woods and Mr. Bland's position. They never did oppose that resolution.

Mr. GREEN: If you do that before 6 o'clock it will be in the morning papers.

Mr. MUTCH: You can rise on a question of privilege any time.

By Mr. Harris:

Q. I just have two questions on the statement if you do not mind. The first is this was an order in council dealing with the population of 5,000? It was an order in council, was it?—A. No.

Q. What is it then?—A. It is a co-ordinating agreement between the Minister of Reconstruction and Supply and the Minister of Veterans Affairs.

Q. Here is what the Minister of Reconstruction said.

On the other hand there are communities of over 5,000 people which are distant from other urban areas and located in the centre of a large agricultural area. We have been prepared in such instances to approve a small holding, particularly where the municipal boundaries of the community are very wide.

That is what I had in mind a while ago. Are you preparing a list of those municipalities or are you waiting for an applicant to come before you and then judging it in the light of that?—A. Mr. Chairman, I should like to answer this off the record.

(Off the record).

The CHAIRMAN: We will adjourn until to-morrow at 4 o'clock.

The committee adjourned at 5.45 p.m. to meet again on Thursday, July 25, 1946, at 4 o'clock p.m.

APPENDIX A

CANADIAN NON-PENSIONED VETERANS' WIDOWS

DOMINION COUNCIL

July 23rd, 1946.

T. J. BENTLEY, Esq., M.P.,
House of Commons,
Ottawa.

Dear Sir,—I am writing this letter in the hope that you will bring it before the members of the Committee on Veterans Affairs.

After having the interview with you yesterday—Monday, July 22nd—and also interviewing some members of the said Committee, I feel that nothing can be expected this session of benefit to the Non-Pensioned Veterans' Widows of the Great War 1914-18.

However, resolutions 4 and 5 of our brief are very much in need of consideration, and I am appealing to your Committee to have our recommendations brought before the House for debate, and that a supplementary grant of one thousand (\$1,000) dollars be set aside by the government to assist the widows with their work.

Thanking you, and trusting that this will meet with your approval,

I am,

Yours very truly,

MRS. M. WAINFORD,
President.

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